



Daily Report

China

FBIS-CHI-95-130
Friday
7 July 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

China

FBIS-CHI-95-130

CONTENTS

7 July 1995

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Further Comments From Foreign Ministry Spokesman	1
Views Cross-Strait Situation [ZHONGGUO XINWEN SHE]	1
On Harry Wu, Kissinger [Beijing International]	1
Views Sino-British Cooperation [XINHUA]	1
State Councillor Attends International Seminar [XINHUA]	2

Central Eurasia

PLA Chief Zhang Wannian Meets Russian General [XINHUA]	2
Tian Jiyun Meets Russian Economic Delegation [XINHUA]	2
Protocol Signed With Russia on Hi-Tech Projects [XINHUA]	2
Wang Hanbin, NPC Delegation Visit Latvia [XINHUA]	2
Group Meets Parliament Speaker [XINHUA]	3

Northeast Asia

War Against Japanese Aggression Anniversary Held	3
Wei Jianxing Observes Date [XINHUA]	3
Commentary Cites History [CHINA DAILY 7 Jul]	3
Further on Anniversary [XINHUA]	4
South Korean Technicians To Visit DPRK [XINHUA]	5

Southeast Asia & Pacific

Chi Haotian Meets With Burmese Leaders [XINHUA]	5
Wu Yi Meets New Zealand's Deputy Prime Minister [XINHUA]	6

Near East & South Asia

Nepalese Women's Association Delegation Visits [XINHUA]	7
Pakistani Delegation Visits Beijing	7
Meets Li Guixian, Cao Qingze [XINHUA]	7
Meets Wei Jianxing [XINHUA]	7

Sub-Saharan Africa

Shandong Official Meets With Malian Delegation [Jinan Radio]	7
Institute Official Meets South African Delegation [XINHUA]	8

West Europe

EU Supports Beijing's WTO Membership Bid [XINHUA]	8
---	---

Jiang Zemin, Delegation Arrive in Finland	8
Welcomed by President Ahtisaari [XINHUA]	8
Consulates To Be Established [XINHUA]	8
Bilateral Ties Hailed [XINHUA]	9
Jiang Gives Interview [XINHUA]	10
Jiang, Prime Minister Meet [XINHUA]	10
Further on Meeting [XINHUA]	10
Jiang Meets Parliament Speaker [XINHUA]	11
Qian, Foreign Minister Meet [XINHUA]	11
Banquet Held in Jiang's Honor [XINHUA]	11
East Europe	
Communique Issued on Visit by Romania's Vacaroiu [XINHUA]	12
Latin America & Caribbean	
CPPCC Chairman Meets Sao Paulo Governor [XINHUA]	13
PLA Delegation To Visit Bolivia, Ecuador, Peru [XINHUA]	13
NATIONAL AFFAIRS	
Political & Social	
Advisers Urge Jiang To Review 4 June [Hong Kong HONGKONG STANDARD 7 Jul]	14
Li Peng at State Council Meeting on Women [XINHUA]	14
Vice Premier on Enhancing Business Administration [XINHUA]	15
Campaign Launched Against Forged Documents [ZHONGGUO TONGXUN SHE]	16
Central Committee on Improvement of Information [XINHUA]	17
Giordano Targeted in Swipe at APPLE DAILY [Hong Kong HSING PAO 4 Jul]	18
Former Head of Largest State Insurer Investigated [Hong Kong EASTERN EXPRESS 6 Jul] ..	18
Ministry Takes Steps To Ensure Labor Law Implemented [CHINA DAILY 5 Jul]	19
Nationwide College Entrance Examination To Start [XINHUA]	19
Report on Leaders' Activities 30 Jun-6 Jul [XINHUA, etc.]	20
Shanghai Mayor To Curtail U.S. Visit [Hong Kong SOUTH CHINA MORNING POST 7 Jul] ..	22
Mayor Says Shanghai Not To Replace Hong Kong [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 7 Jul]	22
Luo Gan Addresses Tibet-Bound Cadres [XINHUA]	23
Flooding in Hunan Reported	23
Jiang Chunyun Visits [Changsha Radio]	23
Minister Inspects Areas [Changsha Radio]	24
Floods Kill 387 [CHINA DAILY 5 Jul]	24
Further on Flooding [XINHUA]	25
Science & Technology	
Paper Reports on Growing Computer Industry [XINHUA]	25
Chinanet Links Cities to Internet [Hong Kong WINDOW 7 Jul]	25
Military & Public Security	
Jiang Asks PLA To Curb Taiwan Independence Movement [Hong Kong SOUTH CHINA MORNING POST 7 Jul]	26
Jiang Zemin Visits Military Units During Tour [JIEFANGJUN BAO 29 Jun]	27
People's Air Defense Meeting Held in Lhasa [Lhasa TV]	28
ECONOMIC AFFAIRS	

General

Li Lanqing Urges More Management of State Sector [CHINA DAILY 6 Jul]	30
Minister Addresses Transportation Conference [XINHUA]	30
Publication Sees Prospects for Real Estate [XINHUA]	30
Rural Firms Urged To Be More Competitive [CHINA DAILY 5 Jul]	31
*Prospects Examined for Containing Inflation [JINGJI RIBAO 28 May]	32
*Article Sees Slow Growth, Continued Inflation [ZHONGGUO WUZI BAO 21 May]	33

Finance & Banking

Treasury Bond Law To Be Submitted to NPC [XINHUA]	36
Hong Kong, Shanghai Bank To Set Up Beijing Branch [XINHUA]	36
Shenzhen Branch Reforms Credit Risk Management [Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) 7 Jul]	36

Foreign Trade & Investment

Li Peng Promulgates Customs IPR Regulations [XINHUA]	37
Official Interviewed on Investment Guidelines [XINHUA]	37
Officials Deny Mercedes Wins Contract [Hong Kong EASTERN EXPRESS 7 Jul]	38
Bureau Focuses on Solving Contract Disputes [CHINA DAILY 6 Jul]	39
Shanghai Sees Big Increase in UK Investment [XINHUA]	40
UK Firm Expands Accountant Training Program [XINHUA]	40

Agriculture

Agriculture Minister Addresses Fair Opening [XINHUA]	40
Anhui To Increase Grain, Cattle Output [XINHUA]	41
Guangdong Using Foreign Funds in Agriculture [XINHUA]	41
World Bank Delegation Inspects Heilongjiang [Harbin Radio]	41
Shanghai Boosts Agriculture With Foreign Cooperation [XINHUA]	42

REGIONAL AFFAIRS

East Region

Anhui Secretary on Development Through Industry [CHINA DAILY 7 Jul]	43
Jiangsu Closes Firms To Clean Huaihe River [XINHUA]	43
Mayor Says SEZs To Keep Preferential Tax Status [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 7 Jul]	44
Shanghai Official Interviewed on Drug-Control [Shanghai Radio]	44
Zhejiang Maps Out Modern Enterprise Plan [ZHEJIANG RIBAO 7 Jun]	45

Central-South Region

Joint-Stock System Invigorates Hubei Enterprises [XINHUA]	50
---	----

Southwest Region

*Yunnan Governor on S&T Product Commoditization [YUNNAN RIBAO 27 Apr]	50
---	----

North Region

Beijing Holds Forum on Science, Technology [BEIJING RIBAO 24 Jun]	55
Beijing Inspection Group Delivers Price Report [BEIJING RIBAO 21 Jun]	56
Most Low-Income Beijing Residents 'Satisfied' [XINHUA]	57
Hebei Secretary on Grass-Roots Organizations [HEBEI RIBAO 21 Jun]	58
Hebei Secretary on Entrepreneur Contingents [HEBEI RIBAO 16 Jun]	60
Shanxi Coal Base Boosts Exports [XINHUA]	64

Northeast Region

Heilongjiang Secretary on Economic Environment [HEILONGJIANG RIBAO 10 Jun]	64
Heilongjiang Governor on County-Run Industries [HEILONGJIANG RIBAO 10 Jun]	73
Jilin Rally on Leading Cadres' Honesty [JILIN RIBAO 13 Jun]	80
Jilin Central Committee Appoints Leaders [JILIN RIBAO 7 Jun]	82
Shenyang Sentences 35 Narcotics Criminals [LIAONING RIBAO 22 Jun]	85
Liaoning Cracks Case of Manufacturing, Selling Narcotics [LIAONING RIBAO 23 Jun]	85

Northwest Region

Gansu Narcotics Criminals, Others Executed [XINHUA]	86
Shaanxi's Xian Sets Up New Patent Branch Office [XINHUA]	86
Xian Suffering From Water Shortage [XINHUA]	86
Natural Gas Pipeline Begun in Shaanxi [XINHUA]	86

PRC MEDIA ON TAIWAN AFFAIRS

ARATS Denounces Shelling of Fishermen [XINHUA]	88
Li Blamed for Tense Cross-Strait Relations [Hong Kong WEN WEI PO 4 Jul]	88

TAIWAN

Dialogue Urged To Resolve Shooting Dispute [CNA]	90
Officials View Impact of Military Exercise [Taipei CHUNG-KUO SHIH-PAO 4 Jul]	90
Official Views Plan To Promote Li's Japan Visit [Taipei CHUNG-YANG JIH-PAO 5 Jul]	91
Legislators Mark Resistance Against Japan [CNA]	91
Lien Commemorates Victory in Anti-Japanese War [CNA]	91
Sung To Attend World War II Ceremony [CNA]	92
Minister Views Enhanced U.S. Business Ties [CNA]	92
Regulations Governing Immigration Revised [CNA]	92
French Official Hopes For Increased Investment [CNA]	93
Li Receives Niger National Assembly President [CNA]	93
KMT Plans To Invest in Palau [CNA]	94
Li Calls For Closer Economic Ties With Panama [CNA]	94
Panamanian Minister To Hold Investment Seminar [CNA]	94
Agriculture Mission To Visit Northern Thailand [CNA]	95
Meeting on Industrial Waste Scheduled for Nov [CNA]	95
Bank, Finance Ministry Reshuffle Personnel [CNA]	95
Foreign Investors May Apply To Invest More Money [CNA]	96
Blueprint of Information Superhighway Drafted [CNA]	96

HONG KONG & MACAO

Hong Kong

Governor Endorses Chan's PRC Visit [London THE TIMES 6 Jul]	97
Governor Warns Against Pre-Election Tax Cuts [London THE TIMES 6 Jul]	97
Officials Confirm Intention To Sideline Patten [Hong Kong EASTERN EXPRESS 6 Jul]	98
Comment Examines John Major's Party Victory	98
Editorial Views Win [Hong Kong EASTERN EXPRESS 6 Jul]	98
Editorial Views Prospects [Hong Kong HONGKONG STANDARD 6 Jul]	99
Editorial on Major's Status [Hong Kong SOUTH CHINA MORNING POST 6 Jul]	100
Choice of Rifkind Seen as 'Ideal' for Hong Kong [Hong Kong EASTERN EXPRESS 7 Jul]	101
Hanley Appointment Viewed as Disappointing [Hong Kong SOUTH CHINA MORNING POST 7 Jul]	101
Report Claims Journalistic Freedom Under Threat [London THE TIMES 3 Jul]	102
State Company Offers New Shares in Hong Kong [XINHUA]	102
Sovereignty Policy Now Under Political Adviser [Hong Kong EASTERN EXPRESS 6 Jul]	103

General

Further Comments From Foreign Ministry Spokesman

Views Cross-Strait Situation

OW0607132195 Beijing ZHONGGUO XINWEN SHE
in Chinese 1055 GMT 6 Jul 95

[FBIS Translated Text] Beijing, 6 Jul (ZXS) — Foreign Ministry spokesman Shen Guofang stressed today that China will not take the matter lightly if Taiwan becomes independent, or if foreign forces intrude into Taiwan or interfere with the Taiwan issue [gan she tai wan 1626 3195 0669 3494].

Shen Guofang made the statement today when answering a reporter's question about the Taiwan Strait situation.

The spokesman said: China upholds an independent and peaceful diplomatic policy, and has made unremitting efforts for regional peace and stability. But no countries will tolerate their sovereignty and territorial integrity being violated or hurt [sun hai 2275 1364].

Shen Guofang said: The current tension between the two sides of the Strait is created by Li Denghui's [Li Tenghui's] acts of creating "two Chinas," or "one China, one Taiwan" everywhere. The path which Li Denghui follows in promoting "two Chinas," or "one China, one Taiwan" is a very dangerous one. Unrest or deterioration of the situation, if they ever occur, will benefit neither side, nor will they be in the interest of peace and stability in this part of the world.

On Harry Wu, Kissinger

OW0707120395 Beijing China Radio International
in English
to Western North America 0400 GMT 7 Jul 95

[From the "Current Affairs" program]

[FBIS Transcribed Excerpt] China has refuted the U.S. allegation that China violated the Sino-U.S. Consular Agreement. Foreign Ministry spokesman Shen Guofang discussed this and other issues at a news conference in Beijing on Thursday [6 July]. Yang Lei has the details:

China's public security department investigated the case of Harry Wu, a U.S. citizen who sneaked into China under an alias and engaged in illegal activities. The U.S. Government has accused China of violating the Sino-U.S. Consular Agreement by not notifying them of the case in good time. Foreign Ministry spokesman Shen Guofang, through an interpreter, argued that China always honors the Sino-U.S. Consular Agreement, and

that the United States has often violated this agreement. He also gave several examples of U.S. violations.

[Begin interpreter recording] It is not appropriate for the U.S. side to call upon the Sino-U.S. Consular Agreement if unnecessary [words indistinct] [end recording].

Referring to the current visit of the former U.S. Secretary of State Henry Kissinger, the spokesman was reluctant to say if any message was conveyed by Washington to mend Sino-U.S. relations. [passage omitted]

Views Sino-British Cooperation

OW0607135495 Beijing XINHUA Domestic Service
in Chinese 1111 GMT 6 Jul 95

[FBIS Translated Text] Beijing, 6 Jul (XINHUA) — Foreign Ministry spokesman Shen Guofang indicated today that China hopes the British side will continue to cooperate with the Chinese side on the Hong Kong issue, and will take more concrete actions to facilitate Hong Kong's smooth transition, and the improvement and development of Sino-British relations.

During the news conference this afternoon, a reporter asked the spokesman: After China and Britain reached an agreement on the court of final appeal in Hong Kong, the two sides also reached an agreement on the financial arrangements of Hong Kong's new airport. It was also reported that Vice Premier and Foreign Affairs Minister Qian Qichen will also visit Britain. Does all this mean that Sino-British relations have already returned to normal?

Shen Guofang said: The British side has time and again indicated that it hoped to improve the bilateral Sino-British relations. We welcome that. China always attaches importance to its relations with Britain, maintaining that the maintenance and development of good Sino-British cooperative relations not only are in their respective interests, but also are in the interest of world peace and stability. He pointed out: The agreements which China and Britain recently reached in connection with the court of final appeal in Hong Kong and the financial arrangements of Hong Kong's new airport are the results of the two sides' concerted efforts and cooperation. We hope the British side will continue to cooperate with China on the Hong Kong issue, and will take more concrete actions to facilitate Hong Kong's smooth transition and the improvement and development of Sino-British relations.

State Councillor Attends International Seminar*OW0607114395 Beijing XINHUA in English
1055 GMT 6 Jul 95*

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — Li Tieying, Chinese State Councillor and minister in charge of the State Commission For Restructuring the Economy (SCRE), met here today with foreign scholars and government assistants attending an international seminar.

The two-day seminar, which closed here today under the name of the Transitional Economies: Comparison Between Asia and Eastern Europe, was co-hosted by the SCRE and the Asia Foundation of the United States.

The foreign scholars and government assistants, who attended the meeting with Li Tieying, were from the U.S., Russia, Poland and Hungary, as well as from some international organizations.

Central Eurasia**PLA Chief Zhang Wannian Meets Russian General***OW0607144395 Beijing XINHUA in English
1426 GMT 6 Jul 95*

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — General Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (PLA), met with General S.P. Sereznev, commander of Russia's Leningrad Military District, and his party here this evening.

Prior to the meeting, General Xu Huizi, deputy chief of the PLA General Staff, also met with Sereznev and hosted a banquet in his honor.

The Russian officers came to China for a visit on July 1. They toured Shenyang, Dalian and Shenzhen.

Tian Jiyun Meets Russian Economic Delegation*OW0607134895 Beijing XINHUA in English
1337 GMT 6 Jul 95*

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — Vice-Chairman of the Standing Committee of the National People's Congress (NPC) Tian Jiyun today met with Vice-Chairman of the Committee on Budget, Taxes, Banks and Finance of the Russian State Duma (Lower House) G.V. Kulik and his delegation.

Tian said that China and Russia are faced with the task of restructuring and developing their economies, and in this respect the two sides can exchange information on their experiences.

He noted that the two countries, with their vast territories and rich resources as well as fairly good scientific and technological bases, have great potential for devel-

oping economic and trade relations and carrying out scientific and technological cooperation.

He expressed the belief that the Russian delegation's visit will further promote friendly and cooperative ties between the two countries.

Kulik said the delegation was delighted to have this opportunity to learn about China's experience in economic structural reforms.

The delegation arrived here Tuesday [4 July] at the invitation of the NPC Finance and Economic Committee.

Protocol Signed With Russia on Hi-Tech Projects*OW0607130995 Beijing XINHUA in English
1256 GMT 6 Jul 95*

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — Chinese and Russian officials signed a protocol here today on expanding cooperation and exchanges in hi-tech projects between the two countries.

The document was signed by representatives of the Torch Hi-tech Industry Development Center of China's State Science and Technology Commission; Russian House, an international scientific and technological cooperation association under the ministry of Science and Technology Policy of the Russian Federation; and the International Science Center of the Russian Higher Education Commission.

According to the protocol, Russian House is expected to provide Torch Hi-tech with information about eight hi-tech projects for cooperation, including the first three as priority projects. The International Science Center is also expected to provide its Chinese partner with a list of scientific achievements of Russian institutes of higher learning.

The three organizations are members of the Sino-Russian Consortium of Science and Hi-tech Center, which was established last February.

In addition to the agreement on distribution of information, the protocol also sets down the consortium's rules of operation.

Liu Zhentang, deputy director of Torch, was elected president of the council of the consortium today.

Wang Hanbin, NPC Delegation Visit Latvia*OW0607170895 Beijing XINHUA in English
1341 GMT 6 Jul 95*

[FBIS Transcribed Text] Riga, July 6 (XINHUA) — A Chinese National People's Congress (NPC) delegation,

headed by Vice-Chairman of the NPC Standing Committee Wang Hanbin, arrived here on Thursday [6 July] for a five-day official visit.

Wang is scheduled to meet with Latvian President Guntis Ulmanis and Latvian Prime Minister Maris Gailis to discuss issues concerning bilateral relations.

This marks the first official visit made by a Chinese NPC (parliament) delegation to this Baltic Sea nation.

Qian Qichen, China's vice-premier and foreign minister, visited the country earlier this year.

The Chinese delegation will also visit Lithuania and Ukraine.

Group Meets Parliament Speaker

OW0707051595 *Beijing XINHUA in English*
0450 GMT 7 Jul 95

[FBIS Transcribed Text] Riga, July 6 (XINHUA) — Wang Hanbin, Vice Chairman of the Standing Committee of China's National People's Congress (NPC), said today that regular contacts between the legislatures of China and Latvia will facilitate the development of friendship and cooperation in various fields.

Wang, who is heading a Chinese NPC delegation for the first official visit ever in Latvia, arrived here this morning and is expected to stay for five days.

Latvian Parliament Speaker Anatoly Gorbunov expressed his welcome to Wang, saying he believed the visit would help deepen the understanding between the two peoples and legislative bodies, the relationship between the two countries as a whole.

Sino-Latvian relations have been developing very well, he noted.

Northeast Asia

War Against Japanese Aggression Anniversary Held

Wei Jianxing Observes Date

OW0707103795 *Beijing XINHUA in English*
0959 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — More than 2,000 people gathered here today at a ceremony to mark the 50th Anniversary of the victory in the War of Resistance Against Japanese Aggression.

Present at the ceremony at the memorial hall of the anti-Japanese war were Wei Jianxing, Political Bureau member of the Chinese Communist Party (CPC) Central Committee and Secretary of the Beijing Municipal Party Committee, and Sun Fuling, Vice-Chairman of the

National Committee of the Chinese People's Political Consultative Conference.

Offsprings of war generals, patriotic personnel, overseas Chinese and representatives of people from various circles also attended the ceremony. Two college girls placed wreaths in honor of the martyrs who gave their lives in the eight-year war.

The war started 58 years ago today when Japanese armed forces created the Lugou Bridge Event in Beijing on July 7, 1937.

Wei said the anti-Japanese war was part of the World Anti-Facist War and it was won through hard efforts. The Chinese nation suffered great losses and Japanese aggressors committed big crimes, he said.

A total of 35 million Chinese civilians and army men were killed or wounded in the war, Wei said, adding that the country suffered property losses and war spendings worth over 560 billion U.S. dollars during that period.

"Today, we hold the ceremony to mark the war so that our people will gather under the banner of patriotism and fulfil the great task of invigorating our Chinese nation," Wei said.

Some offsprings of war generals, war veterans and local people also spoke.

At the same time, a foundation-laying ceremony was held for a group of carvings to mark the war victory.

Commentary Cites History

HK0707083395 *Beijing CHINA DAILY in English*
7 Jul 95 p 4

[China Daily Commentary: "A Historic Day"]

[FBIS Transcribed Text] July 7th is a day of historic importance to contemporary Chinese people.

This day 58 years ago, Japan, by provoking military clashes with Chinese troops stationed in Beijing's southern suburbs, started full-scale aggression against China.

In face of the critical situation, the Chinese people had no other choices but tough resistance for the nation's survival.

Japan's aggression against China had escalated since the last decade of the 19th century. In September 1931, upon flimsy pretext, it seized China's three northeastern provinces. Then it encroached upon north China step by step. Its ultimate aim obviously was to conquer China.

Responding to the call of the Chinese Communist Party, the Chinese people formed a united front and persisted in a staunch resistance against Japanese aggression.

In the world context, China's all-out resistance to Japan's brutal aggression constituted a prelude in the Far East to the long and hard struggle against fascist enslavement around the world.

For eight years, at unprecedented national sacrifices, including 35 million lives, China bore the brunt of the Japanese army's onslaught in the Asian theatre.

China played an invaluable role in finally bringing militarist Japan to its knees. China made indelible contributions to reassert justice and human dignity on this planet.

More than half a century has passed since the aggressor's big guns rocked the beautiful, ancient city of Beijing. During these years, the world has changed greatly. So has China.

Under the leadership of the Chinese Communist Party, a once weak and humiliated semifeudal and semicolonial China has, like the legendary phoenix rising from its own ashes, become an independent and honoured nation that enjoys dignity and respect in the international community.

Today, China is striving for economic development and world peace. China seeks friendship and co-operation with all those nations and people who would sincerely make friends with China and treat it as an equal.

However, all are not genuine friends of China, cherishing well-meaning, amicable sentiments towards it.

We look on with concern that some people in Japan, politicians in particular, are still unrepentant about their war crimes. The recent so-called no-war resolution adopted by the Diet is nothing but a cynical document that arouses our indignation rather than understanding.

It shows that for the security of our descendants and world peace, we must keep vigilant and at the same time educate our young never to forget the heinous crimes militarist Japan perpetrated against China and other Asian nations.

China has not yet completed reunification. There are still people trying hard to tear part of its territory, by words and deeds, away from the motherland.

In the last 100 years, China has suffered untold tribulations at the hands of domestic and foreign foes. Nevertheless, led by the Communist Party, China has attained national rejuvenation, and is working hard for economic construction and world peace.

Looking back at the day that witnessed the start of the war of resistance, we must bear in mind that people of the world should work together to see that a part of history 50 years ago should not be repeated.

Further on Anniversary

OW0707080395 Beijing XINHUA in English
0730 GMT 7 Jul 95

["History Shows That Backward Countries Are Targets of Invasion" — XINHUA headline]

[FBIS Transcribed Text] Beijing, July 7 (XINHUA)—Today is the 58th anniversary of the "July 7 Incident," which marked the beginning of the War of Resistance against Japan in China.

The "People's Daily" published an editorial today saying that at the time of the 50th anniversary of the victories of the World Anti-Fascist War and the Chinese People's War of Resistance Against Japan, reviewing history of this period is of special significance.

On July 7, 1937 the Japanese army bombarded Wanping City and the Lugou Bridge in southwestern suburbs of Beijing in a carefully calculated plot, resulting in all-round escalation of the invasion of China.

Chinese soldiers and civilians rose to strike back at the enemy, opening a splendid new chapter in the national anti-invasion history, the editorial said.

After eight years of arduous struggles, the Chinese people won a great victory finally, ending its history of suffering defeats in all foreign invasions in modern times. Its complete victory over the imperialists was also a major contribution to world victory over the fascists, the leading Chinese newspaper said.

Learning lessons from history will spur us on and encourage us to look forward to the future to realize our grand ideal of building a strong and prosperous Chinese nation, the paper said.

History has shown that backward countries are targets of invasion, the paper said, adding that to make the country independent and strong, China will have to develop its economy, science and technology, and maintain a strong comprehensive national power.

China today is different from what it was 50 years ago. Its economic strength and comprehensive national power have been increased dramatically after long and hard struggles, and especially in the 17 years of reform and opening up.

It has become one of the nations of considerable vigor in economic development in Asia and even the world, the newspaper said.

The paper said that China should continue to stick to Deng Xiaoping's theory of building socialism with Chinese characteristics and the basic principles of the Communist Party of China to deepen the reform and

further the opening efforts, implement the policy of developing the country with science and education, and advance China's modernization drive to a new level with hard work.

History also shows that unity and the unification of the Chinese nation are the greatest forces to defeat all enemies, the editorial said.

The "July 7 Incident" pushed China to the brink of national subjugation and genocide. It was the Communist Party of China that rose to uphold the flag to unite all the forces of the Chinese people, including the Kuomintang, to fight against the Japanese invasion.

The broad united front against the invaders with the cooperation between the two parties as the foundation was the key to the final victory in the war, the newspaper said.

The history has clearly proved that those hampering national unification and unity of nationalities are doomed to failure, the editorial said, adding that it has also proved that the Communist Party of China is the most important political force in leading the Chinese people to realize national emancipation and development.

The history of the struggle against the Japanese aggression has shown that the major change in the war situation was brought about by the Communist Party of China, which was the core of organizing and encouraging the Chinese people for the struggle.

The newspaper said that the Chinese communists will finally build their motherland into a strong, democratic and civilized modern socialist country under the leadership of the CPC Central Committee with Jiang Zemin as the core and by relying on the efforts of the Chinese people of all nationalities.

"Marking the July 7 Incident naturally reminds us of the Sino-Japanese relations," the newspaper said.

In Japan, there still exist some forces attempting to follow the same disastrous road with some figures in political circles as their representatives, the newspaper noted, adding they distort history, whitewash the invasion and refuse introspection, going against the tide of history. This cannot be accepted by the Asian peoples, including the Chinese people, it said.

The newspaper urged the Japanese side to carefully examine its invasion in this period of history, and learn a good lesson from it, in order to push forward the friendship of the Japanese and Chinese peoples, and never let the tragedy be replayed.

South Korean Technicians To Visit DPRK

OW0607114195 Beijing XINHUA in English
1116 GMT 6 Jul 95

[FBIS Transcribed Text] Seoul, July 6 (XINHUA) — The South Korean government today approved Daewoo business group's plan to send 13 technicians to Nampo industrial complex of the Democratic People's Republic of Korea (DPRK) over investment projects.

This is the first time for Seoul to allow technicians to visit the DPRK since 1953.

The technicians during their visit will train workers to operate plant facilities and to produce goods in preparation for full-fledged operations of the joint-venture factories in Nampo.

Daewoo, the third largest business group in South Korea, was authorized by the government last May to invest 5.12 million U.S. dollars in the DPRK for its three joint venture projects which will produce jackets, bags, shirts and blouses.

Six of the 13 technicians are expected to stay in the DPRK for 60 days while the remaining seven will stay on for about a year.

The seven technicians will be free to travel between South Korea and the DPRK for business consultations during the period, according to government officials here.

"A foundation has been laid for the possible signing of agreements on investment guarantee and avoidance of double taxation between Seoul and Pyongyang," said Kim Kyong-wung, spokesman of the National Unification Board (NUB).

The forthcoming visit by technicians will help promote overall inter-Korean relations, Kim added.

Southeast Asia & Pacific

Chi Haotian Meets With Burmese Leaders

OW0607170995 Beijing XINHUA in English
1445 GMT 6 Jul 95

[FBIS Transcribed Text] Yangon [Rangoon], July 6 (XINHUA) — Chairman of Myanmar [Burma] State Law and Order Restoration Council (SLORC) and Prime Minister Senior General Than Shwe, in receiving the visiting Chinese State Councilor and Defense Minister General Chi Haotian here today, stressed on the importance of enhanced good-neighborly relations and cooperation between the two countries.

During the meeting, both sides also stressed on the development of friendly relations with all countries

based on the five principles of peaceful co-existence, safeguarding the sovereignty of the nation and opposing foreign interference and hegemonism. On Wednesday evening, General Chi Haotian also called on Vice-Chairman of Myanmar SLORC General Maung Aye and held broad and friendly discussions.

At the invitation of Vice-Chairman of Myanmar SLORC, Deputy Commander-in-Chief of the Defense Services and Commander-in-Chief of the Army General Maung Aye, General Chi Haotian and his party arrived here on Wednesday for a one-week goodwill visit to Myanmar.

Wu Yi Meets New Zealand's Deputy Prime Minister

OW0607141995 Beijing XINHUA Domestic Service
in Chinese 0940 GMT 4 Jul 95

[By reporter Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Beijing, July 4 (XINHUA) — Wu Yi, minister of foreign trade and economic cooperation, said on Tuesday [4 July] that China always opposes the practice of export enterprises' engaging in low-price competition. She also said that China is also against some countries' adopting the "substitute country" practice in their anti-dumping investigation since they view China a nonmarket economy country.

Wu Yi made the above remarks when meeting with visiting Donald McKinnon, deputy prime minister and minister of foreign affairs and trade of New Zealand. Both sides expressed satisfaction over the progress made in bilateral trade and economic cooperation on a friendly and realistic basis.

According to Chinese customs statistics, last year Sino-New Zealand trade set an all-time high of \$504 million, up 27.7 percent over the previous year. Bilateral trade in the first five months of this year reached \$214 million, an increase of 18 percent from the same period last year.

Wu Yi said that while bilateral trade is experiencing rapid growth, China and New Zealand have been constantly expanding trade and technological cooperation and that two-way investment has become more active.

By the end of last year, China had set up nearly 20 joint-venture or solely owned enterprises in New Zealand, chiefly in the areas of forestry, wool, and fisheries, with a total investment of \$95.55 million. New Zealand's accumulated investment projects and agreed investments in China topped \$216 and \$120 million, respectively.

Both Wu Yi and McKinnon took the view that there is a strong complementary nature between the two countries' economies and that bilateral economic and

trade cooperation can enter a completely new stage through joint efforts.

In view of an increase in the number of anti-dumping cases in some countries against China's products, Wu Yi said she appreciated the positive efforts of the New Zealand Government in resolving this issue. She also stated China's position on the anti-dumping issue.

She said that the Chinese Government always opposes the practice of engaging in low-price competitive sales and that China stresses orderly exports. She added that China is formulating relevant regulations to punish export enterprises that practice dumping.

Wu Yi said that since China is a developing country, labor, energy, raw materials, and production costs are relatively cheap. Therefore, China can supply attractive products at reasonable prices. The supply of low-priced products is nothing abnormal. Therefore, the export of those low-price products should not be viewed as dumping.

Minister Wu also pointed out that in handling anti-dumping cases, China should not be considered a country that formerly practiced a planned economy and that the practice of using a "substitute country" should be done away in anti-dumping investigations as soon as possible.

She explained that China put forward this position mainly due to the actual domestic situation. China's economy has undergone a profound change since instituting the policy of reform and opening up. Particularly since China set out to build a socialist market economic system, enterprises have enjoyed complete operational autonomy; they are responsible for their own profits and losses, and commodity prices are decided by market supply and demand. Through efforts over recent years, a market structure has been initially established and is being perfected.

McKinnon said New Zealand is willing to continue working with China to promote the healthy development of a bilateral economic and trade relationship.

Noting that China is New Zealand's sixth largest export market, he hoped that China will gain a higher ranking among New Zealand's export markets.

Although China has been the biggest buyer of New Zealand's wool in recent years, McKinnon still hoped that China could take measures to increase the import of New Zealand wool. Last year, China imported over 55,000 tonnes of New Zealand wool, up 22.7 percent from the previous year, or one-fourth of China's total wool imports.

Wu Yi said that with the raising of the people's living standards, China will keep increasing the volume of wool imports. While taking full consideration of the interests of China's 40 million herdsman, China will continue to open its wool market to New Zealand. She said China is now and will remain New Zealand's biggest wool buyer.

McKinnon expressed appreciation for Wu Yi's remarks. After hearing Wu Yi's briefings on China's position on the issues of resuming its position in GATT and joining the World Trade Organization [WTO], McKinnon said the WTO should accept China as a member. He added that the world cannot afford to exclude a big country like China, which is making rapid economic development.

Wu Yi said China's attitude toward the issues of resuming its position in GATT and in joining the WTO is firm and positive. It is extremely laughable and also unrealistic for certain countries to attempt to make China completely fulfill commitments before joining the WTO.

Wu Yi and McKinnon also exchanged views on issues of common interests during the meeting.

Near East & South Asia

Nepalese Women's Association Delegation Visits

OW0507112495 Beijing XINHUA in English
1056 GMT 5 Jul 95

[FBIS Transcribed Text] Beijing, July 5 (XINHUA) — Chen Muhua, vice-chairman of the Chinese National People's Congress Standing Committee and chairman of the All-China Women's Federation (ACWF), met here today with a delegation from the All Nepal Women's Association.

The Nepalese guests, headed by Sahana Pradhan, chairman of the association, are here for a visit at the invitation of ACWF.

Pakistani Delegation Visits Beijing

Meets Li Guixian, Cao Qingze

OW0407063495 Beijing XINHUA in English
0618 GMT 4 Jul 95

[FBIS Transcribed Text] Beijing, July 4 (XINHUA) — Chinese State Councillor Li Guixian met and had a cordial talk with Ombudsman Abdul Shakurul Salam [name as received] of Pakistan and his party here today.

Chinese Minister of Supervision Cao Qingze took part in the meeting.

The Pakistan visitors arrived here July 2 at the invitation of the Chinese Ministry of Supervision to learn about

China's administrative supervision system and explore further cooperation with its Chinese counterpart.

Meets Wei Jianxing

OW0407142795 Beijing XINHUA in English
1320 GMT 4 Jul 95

[FBIS Transcribed Text] Beijing, July 4 (XINHUA) — Wei Jianxing, secretary of the Central Commission for Discipline Inspection (CCDI) of the Communist Party of China and member of the Political Bureau of CPC Central Committee, today met Pakistani Ombudsman Abdul Shakurul Salam [name as received] and his delegation.

Also present at the meeting were Hou Zongbin, CCDI deputy secretary, and Cao Qingze, CCDI deputy secretary and Minister of Supervision.

The Pakistani guests arrived here for a visit at the invitation of the Ministry of Supervision.

Sub-Saharan Africa

Shandong Official Meets With Malian Delegation

SK0607050795 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 5 Jul 95

[FBIS Translated Text] Li Zhen, chairman of the provincial people's congress standing committee, cordially met with Mali National Assembly Delegation headed by Ali Diallo, speaker of the national assembly, at Nanjiao Hotel in Jinan at noon on 5 July.

Diallo and his entourage came to China for a friendly visit at the invitation of the National People's Standing Committee. The purpose of his visit to Shandong was to learn about the province's achievements in reform and opening up and to visit some enterprises and rural areas.

During the meeting, Li Zhen briefed the guests on Shandong's provincial situation, and expressed hope that the delegation would further deepen its understanding of Shandong through this visit, and promote the unceasing development of friendly relationship between both sides.

Miao Fenglin, vice chairman of the Provincial People's Congress Standing Committee, Li Qiwan, chairman of the Jinan City People's Congress Standing Committee, and responsible comrades of the Provincial People's Congress Standing Committee and the provincial foreign affairs office, also participated in the meeting.

The Malian National Assembly delegation arrived in Jinan on 4 July. On the afternoon of 5 July, the delegation visited (Xinji) Group, toured (Ping Hu), and continued its visit with sightseeing in Zibo.

Institute Official Meets South African Delegation

OW0707083095 *Beijing XINHUA in English*
0757 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs (CPIFA), held working talks with Govan Archibald Mbeki, deputy president of the South African Senate, here today.

The two sides expressed aspiration of developing the bilateral friendly ties and friendship between the people of the two countries.

Mbeki said that he and his colleagues would take the opportunity to acquaint themselves with China's current situation and subsequently report what they witness to President Nelson Mandela and the South African government.

Mbeki, one of the veterans of the African National Congress of South Africa and the South African Communist Party, and his party are here in Beijing as guests of the CPIFA.

This is Mbeki's first trip to China.

West Europe**EU Supports Beijing's WTO Membership Bid**

OW0707043595 *Beijing XINHUA in English*
0351 GMT 7 Jul 95

[FBIS Transcribed Text] Brussels, July 6 (XINHUA) — The European Union (EU) will support China in joining the World Trade Organization (WTO), a senior EU official said here today.

EU Vice-President Leon Brittan made the remark today in a meeting with Long Yongtu, Chinese assistant minister of foreign trade and economic cooperation.

Brittan said EU will seek comprehensive development of its trade and economic relations with China, adding that the European organization sincerely backs China in joining the WTO as soon as possible.

He said the EU would try its best to look for reasons for support instead of excuses for opposition to China's WTO membership.

Long expressed the hope that the EU would show flexibility in the negotiations on China's WTO membership.

He emphasized that the EU would abolish its discriminative anti-dumping standard and quota limits against China to improve the European investment environment for the country.

Long is on his way to Geneva for another round of informal talks on China's WTO membership.

Jiang Zemin, Delegation Arrive in Finland**Welcomed by President Ahtisaari**

OW0707010795 *Beijing XINHUA Domestic Service*
in Chinese 1005 GMT 6 Jul 95

[By reporters Zhao Changchun (6392 7022 2504) and Wei Guoqiang (7614 0948 1730)]

[FBIS Translated Text] Helsinki, 6 Jul (XINHUA) — Finnish President Martti Ahtisaari held a grand ceremony in front of the presidential building to warmly welcome visiting President Jiang Zemin of the People's Republic of China on the afternoon of 6 July.

Today, the Chinese and Finnish national flags were hung high on the flagpoles in front of the presidential building. The center of the tidy courtyard was covered with a red carpet. The Finnish honor guard was waiting outside of the presidential building for the arrival of President Jiang Zemin and his wife, Wang Yeping. At 0930, when President Jiang Zemin's limousine arrived at the gate of the presidential building, President Martti Ahtisaari and his wife, who were waiting there, went forward to cordially shake hands and exchange greetings with President Jiang Zemin and his wife. President Martti Ahtisaari also presented President Jiang's wife with flowers. The leaders of the two countries and their wives stood in front of the gate while a military band played the Chinese and Finnish national anthems. Accompanied by President Martti Ahtisaari, President Jiang Zemin reviewed the honor guard.

Later, President Jiang Zemin and his wife, accompanied by President Martti Ahtisaari and his wife, entered the presidential building. They went to a second-floor balcony to greet those in front of the gate of the presidential building who had come to welcome President Jiang Zemin.

Jiang Zemin's encourage, including Vice Premier and Foreign Minister Qian Qichen, Special Assistant Zeng Qinghong, and Minister of Foreign Trade and Economic Cooperation Wu Yi, as well as Chinese Ambassador to Finland Zheng Jinjiong, was present at the ceremony. Also attending the ceremony were Finnish parliament speaker Riita Uosukainen, Finnish Prime Minister Paavo Lipponen, Finnish Foreign Minister Tarja Halonen, and Finnish Ambassador to China Ristmaki.

Consulates To Be Established

OW0607114595 *Beijing XINHUA in English*
1030 GMT 6 Jul 95

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Finland is to establish a consulate-general in Shanghai,

China, according to a document signed by the Finnish and Chinese governments here today.

Finnish President Martti Ahtisaari and visiting Chinese President Jiang Zemin were present at the signing ceremony of an exchange of notes concerning the establishment of consulates in both countries.

The document was inked by Chinese Vice-Premier and Foreign Minister Qian Qichen and Finnish Foreign Minister Tarja Halonen.

In conformity with the common hopes of developing the friendly relations and strengthening the consular relations between the two countries, the Chinese government agrees with the Finnish government to establish the consulate-general in Shanghai, the document said.

According to the principle of reciprocity, it added, the Chinese government reserves the right of setting up a consulate-general in Finland.

Meanwhile, the two sides signed a memorandum of understanding [MOU] on cooperation in environmental protection.

The MOU said Finland and China have successfully conducted cooperation in the field of environment and the two countries wish to extend such cooperation.

The MOU defined the high priority areas of cooperation as water pollution prevention, air pollution prevention and environmental management.

Bilateral Ties Hailed

OW0607142495 Beijing XINHUA in English
1335 GMT 6 Jul 95

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Visiting Chinese President Jiang Zemin and Finnish President Martti Ahtisaari today hailed the development of relations between their two countries and agreed to further such ties through joint efforts.

Jiang, the first Chinese head of state to visit Finland, said during talks with Ahtisaari that he was here to increase mutual understanding and cooperation in various fields between China and Finland.

Ahtisaari, who met with Jiang in May when they attended the Moscow celebrations marking the 50th anniversary of the end of World War II, described Jiang's current visit as having historical significance.

Jiang noted that China and Finland have maintained normal friendly relations since they established diplomatic ties 45 years ago.

Since the end of the 1980s, Jiang said, tremendous changes have taken place in the international situation. However, Sino-Finnish relations have not been affected

by such changes but have deepened and strengthened, he said.

The two countries have maintained their exchange of visits at a high level, he said, adding that trade relations, technological cooperation and cultural exchanges between them have been expanding as well.

Jiang spoke highly of the Finnish government's "positive attitude" toward developing relations with China.

He said no conflict of fundamental interests exists between China and Finland and both countries have endeavored to accelerate the development of bilateral cooperation under the principles of seeking common ground while respecting differences, mutual respect and equality, and mutual benefit in the long-term interests of their peoples. These, Jiang said, have made possible the "smooth development" of Sino-Finnish relations.

Ahtisaari said Finland and China enjoy good relations in many areas. He added that Finland's entry into the European Union has created favorable conditions for Sino-Finnish cooperation on a wider scope.

A Chinese Foreign Ministry spokesman said Jiang and Ahtisaari discussed issues concerning bilateral cooperation.

Jiang said China and Finland should make use of their respective economic advantages so as to ensure a "sustained and balanced development" of trade relations as well as economic, scientific and technological cooperation.

He expressed the hope that more Finnish entrepreneurs will invest and open factories in China.

During the talks the two heads of state briefed each other on the situation in their respective countries.

Jiang noted that the Chinese government is concentrating its efforts on economic development to meet the needs of food, clothing and housing of 1.2 billion people.

By doing so, he said, the Chinese government ensures the people's rights to survival and development.

Jiang pointed out that China's efforts and successes in this regard are not only in the interests of the Chinese people, but will also contribute to peace, stability and development in Asia and the world as a whole.

The two leaders exchanged views on other issues of shared interest. In addition, Ahtisaari accepted a formal invitation from Jiang to visit China next April.

Chinese Vice-Premier and Foreign Minister Qian Qichen and Minister of Foreign Trade and Economic Cooperation Wu Yi were present at the talks.

Finnish Foreign Minister Tarja Halonen and Minister of European Affairs Ole Norrback were also present.

Following the talks, Jiang had a meeting with Suvi Rihtniemi, president of Helsinki's municipal parliament, and Kari Rahkamo, mayor of Helsinki.

Earlier this morning, Ahtisaari presided over a welcoming ceremony for Jiang, who arrived here yesterday for a state visit.

Jiang Gives Interview

*OW0607171195 Beijing XINHUA in English
1635 GMT 6 Jul 95*

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Visiting Chinese President Jiang Zemin gave an interview here today to correspondents from two Finnish TV stations.

Jiang answered questions concerning the establishment of a socialist market economy in China, its efforts for economic reform and development while maintaining political and social stability, and the construction of the legal systems in the country.

Jiang, Prime Minister Meet

*OW0707025195 Beijing XINHUA Domestic Service
in Chinese 1707 GMT 6 Jul 95*

[By reporters Lu Jing (4151 0513), Zhao Changchun (6392 7022 2504), and Wei Guoqiang (7614 0948 1730)]

[FBIS Translated Text] Helsinki, 6 Jul (XINHUA) — PRC President Jiang Zemin met Finnish Prime Minister Paavo Lipponen at the state guesthouse where the former was staying in the afternoon of 6 July. They exchanged opinions on further developing friendly and cooperative relations between their two countries and also on other issues of common interest.

First of all, Lipponen warmly welcomed President Jiang Zemin on his state visit to Finland on behalf of the Finnish Government, and wished him a completely successful visit.

The two sides expressed their satisfaction with the favorable trend of development in bilateral relations during their talks. Jiang Zemin said: China and Finland enjoy very good relations now, and no prominent or difficult problems exist between them. Frequent contacts between high-level leaders from the two sides have helped deepen mutual understanding continuously. Economic and trade relations have developed smoothly, economic and technological cooperation is successful [fu you cheng xiao 1381 2589 2052 2400], and ex-

changes in other areas, such as science, technology, and education, are also very active.

Jiang Zemin said: The economies of China and Finland are at different levels of development, and are complementary to each other to a certain extent. The Finnish economy has its distinguishing features and is unique in many aspects. China is implementing a socialist market economy, and it welcomes more people from the Finnish economic sector to invest in China and to further expand bilateral trade and economic and technological cooperation.

Lipponen said: Finland treasures its traditional friendship with China, and hopes to see sustained development of bilateral relations and areas of cooperation between them expand continuously. He said: Finland has re-established its position in Europe by joining the European Union early this year, but Finland also attaches special attention to developing cooperative relations with China and other Asian countries.

During the meeting, President Jiang Zemin extended Premier Li Peng's regards to Prime Minister Lipponen, and welcomed him to visit China again.

Qian Qichen, vice premier of the State Council and foreign minister, and Zeng Qinghong, special assistant to the Foreign Ministry, were also present at the meeting.

Further on Meeting

*OW0607172295 Beijing XINHUA in English
1709 GMT 6 Jul 95*

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Visiting Chinese President Jiang Zemin held talks here today with Finnish Prime Minister Paavo Lipponen on bilateral ties and other issues of common interest.

The two leaders expressed their satisfaction with the good relations between China and Finland.

Jiang said that frequent high-level contacts have helped improve mutual understanding between China and Finland and there are no major problems between the two countries.

He said that Sino-Finnish trade ties are growing smoothly and the economic and technological cooperation between them is "effective."

He added that the exchanges in scientific and educational fields between the two countries are enthusiastic.

Jiang said that the economies of China and Finland, which are at different levels of development, can supplement each other.

China, which is building a socialist market economy, hopes to attract more Finnish investments and further trade and economic cooperation with Finland, Jiang said.

Lipponen said that Finland looks forward to sustained development of bilateral relations.

He said that Finland, which has re-established its position in Europe by joining the European Union, attaches importance to its relations with China and other Asian nations.

At today's meeting, Chinese Vice-Premier and Foreign Minister Qian Qichen was also present.

Jiang Meets Parliament Speaker

OW0607174695 Beijing XINHUA in English
1735 GMT 6 Jul 95

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Chinese President Jiang Zemin met with Riita Uosukainen, speaker of the Parliament of Finland, here today.

Jiang and Uosukainen said they were satisfied with the traditional friendly contacts between the legislatures of the two countries and hoped that such contacts will be maintained to help promote the development of Sino-Finnish relations.

Jiang, who arrived here Wednesday on a four-day state visit, said Uosukainen's China trip last year played a positive role in increasing the mutual understanding between the peoples of the two countries as well as in enhancing bilateral ties.

The president noted that direct contacts between state and parliament leaders of different countries are conducive to increasing mutual understanding with one another.

Echoing Jiang's remarks, Uosukainen said the Finnish people and parliament have great interest in China. She added that the Finnish parliament is ready to make efforts for expanding the exchanges and contacts between the two countries.

Chinese Vice-Premier and Foreign Minister Qian Qichen was present at the meeting.

Qian, Foreign Minister Meet

OW0707010995 Beijing XINHUA in English
0050 GMT 7 Jul 95

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Chinese Vice Premier and Foreign Minister Qian Qichen and Finnish Foreign Minister Tarja Halonen met here today to exchange views on international issues of common concern.

During the talks proceeding in a friendly atmosphere, Qian briefed Halonen on China's view on the situation in Asia.

Qian, who is accompanying Chinese President Jiang Zemin on his first visit to Finland, and Halonen also briefed each other on their countries' foreign policies.

Also present at the talks were Chinese Deputy Foreign Minister Jiang Enzhu and Chinese Ambassador to Finland Zheng Jinjong.

Banquet Held in Jiang's Honor

OW0707021395 Beijing XINHUA in English
0153 GMT 7 Jul 95

[FBIS Transcribed Text] Helsinki, July 6 (XINHUA) — Chinese President Jiang Zemin said here today that China is to unswervingly pursue an independent foreign policy of peace and to develop friendly relations and cooperation with all nations.

Jiang, who is on a state visit to three European countries, made the remarks during a speech delivered at a banquet hosted by Finnish President Martti Ahtisaari in Jiang's honor.

By doing so, Jiang said, China wishes to make its due contributions to safeguarding world peace and promoting the common development of mankind.

Jiang said that the world today is now undergoing profound changes, and that the long-desired and widespread peace has not come yet due to the end of the Cold War, so the world is not tranquil.

He added that the imbalance in the world economy further widened the gap between the North and the South.

To achieve world peace and common development is the common desire of the mankind, Jiang said.

On Sino-Finnish relations, Jiang said that the past 45 years have seen "normal and steady development" in such ties in spite of changes in international situations.

The exchange of high-level visits and the expansion of cooperation in all fields have brought bilateral ties into a new period of overall development, Jiang commented.

Jiang reiterated that China and Finland have set out from the fundamental interests of the two peoples as well as the principles of mutual respect, seeking common grounds while reserving differences, equality and mutual benefit.

"This is not only a valuable experience of maintaining Sino-Finnish relations, but also a guiding principle

for the future development of bilateral relations," the president said.

Jiang noted that China is willing to make joint efforts with Finland in order to bring "enriched and more vigorous" Sino-Finnish ties into the 21st century.

In his welcome speech, President Ahtisaari said the current visit of Jiang to his country is a historic event.

China is playing an increasingly important role in the international community and that China's importance to Finland as an economic cooperation partner is growing, Ahtisaari said.

According to the president, trade between Finland and China has quadrupled in the past five years, and Finnish companies have been able to export large volumes of products, especially high-technology ones, to China.

Meanwhile, he said, China is also an important investment location for Finnish companies.

Ahtisaari listed the sectors such as silviculture, the forest products industry, energy management and environmental protection as fields in which the two countries have opportunities to cooperate in developing major projects.

He added that Finland takes a positive view of direct cooperation between the two countries at regional and local levels, saying that Finland hopes such direct cooperation can be expanded alongside the development of overall relations between the two countries.

Chinese Vice-Premier and Foreign Minister Qian Qichen and Minister of Foreign Trade and Economic Cooperation Wu Yi also attended the banquet.

Finland's parliament speaker Riita Uosukainen and Foreign Minister Tarja Halonen were also present.

Jiang and his party are scheduled to leave here for Turku Friday.

East Europe

Communique Issued on Visit by Romania's Vacaroiu

OW0707034195 Beijing XINHUA in English
0321 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — A press communique concerning Romanian Prime Minister Nicolae Vacaroiu's five-day official visit to China was issued here today.

Prime Minister Nicolae Vacaroiu of the Romanian government paid an official visit to the People's Republic of China from July 3 to July 7 at the invitation of Chinese Premier Li Peng.

The press communique said that during his visit the Romanian prime minister met with Chinese President Jiang Zemin, and held talks with Premier Li Peng and Vice-Premier and Foreign Minister Qian Qichen.

It said that the leaders of the two countries exchanged views in a friendly atmosphere on further expansion of bilateral relations and on international issues of mutual concern, and outlined the political and economic situations in their respective countries.

Both sides held that they are satisfied with the outcome of the talks, and signed protocols and agreements on economic and trade co-operation, and co-operation in the fields of health and medical science, and higher education, the press communique said.

It noted that the two sides expressed satisfaction with their co-operation over recent years in the political, economic, scientific and technological, as well as cultural fields. They said they believed that developing their friendly co-operative ties in the long run is the common desire of the two peoples, and that this also conforms with the interests of the two countries and is beneficial to peace and development in Asia, Europe and the world as a whole.

They said they are resolved to keep expanding and developing their friendly co-operative ties on the basis of the five principles of peaceful co-existence and the fundamental norms governing international relations.

The two sides agreed to further strengthen direct economic and trade relations and co-operation between their countries, and localities and enterprises, and unceasingly explore new ways to carry out multi-channel and multi-level co-operation.

They agreed to further improve relevant laws and economic infrastructure in an effort to create a good environment for bilateral co-operation.

The Chinese side voiced respect for the development path chosen by Romania, adding that it follows closely major reforms taking place in Romania's political, social and economic arenas, respects its foreign policy, appreciates Romania's role in and contribution to promoting international co-operation, and safeguarding peace in the Balkan region, Europe and the world at large.

The Romanian side said it appreciated the important achievements China has made in its reforms and opening to the outside world, and held that China has made great contributions to maintaining stability and peace in Asia and the world.

It reiterated that there is only one China in the world, namely the People's Republic of China (PRC). Taiwan

is a province of China, and the government of the PRC is the only legitimate government of China.

Romania will not establish official relations or conduct official exchanges with Taiwan. The Chinese side expressed appreciation over the Romanian stand.

Both agreed that the current international situation is still undergoing profound and complicated changes, the world is heading in a multi-polar direction and economic factors are becoming more important in international relations.

They said they believed the major trend of the world is to seek peace and stability, and enhance co-operation and development, but a variety of unstable factors still exist, and world peace and development still face challenges.

The press communique said China and Romania are willing to make efforts for the establishment of a new international political and economic order, safeguard world peace and promote the common development of mankind.

Vacaroiu invited Premier Li Peng to visit Romanian again. Li happily accepted his invitation.

During his visit Vacaroiu also met Chinese entrepreneurs.

The Romanian prime minister expressed thanks for the hospitality accorded him and his entourage by the PRC government and its people.

Latin America & Caribbean

CPPCC Chairman Meets Sao Paulo Governor

SK3006062295 Beijing XINHUA Domestic Service in Chinese 1518 GMT 24 Jun 95

[FBIS Translated Text] Sao Paulo (Brazil), 23 Jun (XINHUA) — Li Ruihuan, chairman of China's Na-

tional Chinese People's Political Consultative Conference [CPPCC] Committee, met Mario Covas, governor of Sao Paulo, in Sao Paulo on 23 June.

During the reception, Li Ruihuan stated: The mutual benefit and cooperative foundation between Sao Paulo and China is solid and is with strong mutual complement, with great potential, and with good prospects. It is hoped that both sides should mutually make efforts to maintain the tendency of exchanges and cooperation and to have friendly and cooperative relations between the Brazilian state and China further achieve development.

Covas stated: I was gratified at the economic and trade cooperation between Brazil and China and particularly at the development of the friendly and cooperative relations between Sao Paulo State and China in the fields of the economy, trade, science, and technology. He stated that he was convinced that the visit paid by Li Ruihuan to Brazil will expedite the relation between the two countries to further achieve development.

Li Ruihuan also visited the Chinese Consulate in Sao Paulo on the same day to meet all consulate staffers.

Li Ruihuan flew to Sao Paulo on the morning of 23 June from Brasilia, the capital of Brazil, to continue his visit in the country.

PLA Delegation To Visit Bolivia, Ecuador, Peru

OW0407142395 Beijing XINHUA in English 1326 GMT 4 Jul 95

[FBIS Transcribed Text] Beijing, July 4 (XINHUA) — A Chinese military delegation headed by Li Jing, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), left here today for a visit to Bolivia, Peru and Ecuador.

The delegation was invited by the joint commands of the armed forces of the three countries.

Political & Social**Advisers Urge Jiang To Review 4 June**

HK0707081895 Hong Kong HONGKONG
STANDARD in English 7 Jul 95 pp 1, 2

[By China editor Cary Huang]

[FBIS Transcribed Text] Chinese President Jiang Zemin may review the June 4, 1989 military crackdown on the pro-democracy movement after paramount leader Deng Xiaoping dies. The review is one of three recommendations presented to Mr Jiang by his top advisers to secure legitimacy for the new leadership. The other two are to intensify the campaign against corruption and to resolve the Taiwan issue. The recommendations were arrived at after wide consultations which included input from Hong Kong academics.

A review of the June 4 incident and the anticorruption drive are considered the most sensitive of the issues as they involve Mr Deng and his family. Days after the incident, the elderly leader came forward to personally take responsibility for ordering the crackdown. Hundreds reportedly died in the vicinity of Tiananmen Square, although Beijing has remained adamant that no blood was spilt on the hallowed square itself. On the anti-corruption drive, there is concern that some cases might implicate Mr Deng's family members.

Advisers from the Central Research Office's political group say only a major breakthrough in the three fields would boost popular support for the struggling new leadership. They think that the technocrats now in control might not survive for long after Mr Deng's death if they cannot pull off some achievements which can at least rival those of their predecessors.

The recommendations form part of a report on the political prospects for China in the remaining years of this century and beyond. The report was compiled by top political advisers from the Central Research Office. The agency officially serves the politburo, but in reality, it acts as Mr Jiang's personal think-tank. Mr Jiang, handpicked by Mr Deng, now carries the three most senior titles of chief of state, party boss and head of the army.

In their report, the advisers noted that the late chairman Mao Zedong gained his personal status and clout from founding the Chinese Communist Party and the People's Republic, as well as from bringing an end to the century-long civil war. Mr Deng won his support with bold economic reforms and open-door policy that allowed the country and individuals to prosper. But the new leadership, with Mr Jiang at its core, is ruling with the authority passed on by the revolutionary elders and will

thus remain under their political shadow until it can strike out in new directions.

When Mr Deng dies he will leave behind unresolved issues like the June 4 crackdown, the anti-corruption drive and the Taiwan question. A source said Mr Jiang and his colleagues had little choice but to pick them up and run with them. The mainland sources also said Mr Jiang, who has been haunted by the lack of legitimacy, had called his advisers to look into the potentially explosive problems and come up with solutions. He also encouraged his think-tank to be bold in exploring and offering solutions for a smooth transition of power. But sources said the recommended review of Tiananmen did not suggest a rehabilitation but called for some appropriate repair work and compensation to those suffering political disgrace and mental or physical injuries. Mr Jiang has been urged privately to give priority to healing the 4 June wounds, as this would achieve quick results in the post-Deng period, gaining credit from home and abroad.

Li Peng at State Council Meeting on Women

OW0607145595 Beijing XINHUA in English
1433 GMT 6 Jul 95

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — The Chinese State Council's 34th executive meeting held here today passed in principle "The Development Program on Chinese Women (1995-2000)" and "The Frontier Inspection Rules for Entering and Exiting China (draft)."

Members of the meeting, which was presided over by Premier Li Peng, agreed that the Chinese women of various nationalities have made outstanding contributions both in the democratic revolutionary period and in the cause of socialist construction.

China has had a noteworthy achievement in the area of women, particularly since the adoption of the reform and opening-up policy. The educational level of Chinese women has risen steadily, as has employment. Their status both in society and in the family, as well as their participation in the administration of social affairs have greatly increased.

It was stated at the meeting that it is necessary to make an overall plan on women's development which is compatible with China's situation, as the country moves toward the 21st century. Such a program will be more effective in standardizing, guiding, and improving the cause of China's women.

The program will consist of five parts: a foreword, main objectives, policies and measures, organization and enforcement, and monitoring and evaluation.

In discussing the draft of the Frontier Inspection Rules on Entering and Exiting China, members at the meeting held that with the rapid growth of China's foreign relations and the sharp rise in the number of people entering and exiting China, the previous rules and provisional regulations have become outdated and are no longer compatible with China's present circumstances.

To better safeguard the country's sovereignty and safety, and to ensure the stability of the social order while providing more convenience for people entering and exiting China, it is imperative that the new rules be enacted.

According to the meeting, the development program on women and the draft of the frontier inspection rules, after being further revised, will be issued and put into effect by the State Council.

Vice Premier on Enhancing Business Administration

SK0707060895 Beijing XINHUA Domestic Service
in Chinese 2153 GMT 4 Jul 95

[By RENMIN RIBAO reporter, Mei Hongru (2734 3163 1172), and XINHUA reporter, Fu Gang (0265 0474)]

[FBIS Translated Text] Beijing, 4 July (XINHUA) — At the national conference of directors from the administrations of industry and commerce across the country, on 4 July, Li Lanqing, vice premier of the State Council, stated: The general situation prevailing in the process of reform and development in China is fine. However, it still has some difficulties and problems. The more prominent problem at present is the pressure of inflation, which brooks no neglect. Other problems that also merit attention include the weak market management, the relatively chaotic order in the circulation, and the not-standardized market action. The administrative work of industry and commerce has achieved new development this year. Hereafter, we should further reinforce the dynamics in enforcing the law in this regard.

Li Lanqing stated: Currently, organs in charge of administration of industry and commerce will no longer assume as they did before the task of managing trade fairs, small stores, and vendors. But, they should be institutions in charge of market supervision and administrative law enforcement and be an important department under the government in charge of macro management. Personnel in charge of administration of industry and commerce should foster a sense of macro management and keep in their minds the large socialist market as a whole. They should carry out in line with the law supervision and management over the market transaction and over the acts that are disturbing the markets and make

contributions to safeguarding the economic order under the conditions of socialist market economic systems.

Li Lanqing stated: Since the programs of reform and opening up, departments in charge of the administration of industry and commerce in some localities have established a large number of trade fairs and markets or wholesale markets while conducting supervision and management over markets and made active contributions to establishing market systems and promoting economic development. Thus, the historical role played by these departments should be confirmed. However, the market management conducted by the departments in charge of administration of industry and commerce, market establishment carried out by them, and markets run by them, are actually and adversely affecting the execution of their supervisory and managerial function. In line with the demands set for establishing socialist market economic systems, departments in charge of administration of industry and commerce must divorce themselves from the markets established or run by them.

Li Lanqing stated: Separation between market establishment and market management represents the need for fair competition and just law enforcement.

In citing the issue of how to enhance the dynamics in enforcing the law, Li Lanqing stated: While not relaxing the daily supervision and management in the current and upcoming periods, departments in charge of administration of industry and commerce should place the focal point of enforcing the law on dealing strict blows in line with the law at the violation acts of seriously damaging the production of industries and agriculture; of seriously harming the people's interests; and of seriously disturbing social and economic orders. Several tasks that should be specifically and successfully grasped for this purpose are as follows:

1. "Efforts should be made to deal blows at fake things." This means to deal blows at the acts of manufacturing and selling fake and poor quality commodities, of mixing up good and bad commodities and giving short measure, of printing and broadcasting fake or false advertisements, and of inveigling consumers.
2. "Efforts should be made to deal blows at swindles." This means to deal blows at the violation acts of cheating partners by taking advantage of economic cooperation and of conducting purchase and sale through cheating.
3. Efforts should be made to deal blows at smuggling.
4. Efforts should be made to investigate and handle the cases of abnormal competitions.

Besides, organs in charge of administration of industry and commerce should coordinate with relevant departments to carry out the work of "eliminating obscene things," of "dealing blows at irregularities," and of "suppressing the narcotic business." They should do a good job in continuously carrying out management over trade fairs and markets and in engaging in law enforcement. After the separation between market establishment and market management, they should use their certain strength to participate in the management and law enforcement among the markets of the essential factors of production—including stock, labor forces, and real estate. They should also supervise the approval of market entries and market operation, safeguard the legitimate right and interest of trading partners in both sides, and should investigate and handle transactions violating the law so as to enable the market transaction to be carried out within the scope permitted by the law.

Campaign Launched Against Forged Documents

HK0707005095 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1021 GMT 8 May 95

["Special article" by reporter Si Liang (1835 5328)]

[FBIS Translated Text] Hong Kong, 8 May (ZHONGGUO TONGXUN SHE)—In recent years, as China's opening up process continuously expands, the number of people traveling outside the mainland has been steadily increasing. Some lawless people in and outside China, taking advantage of this opportunity, have been stealing, forging, and reselling ID cards, border passes, permits to travel to Hong Kong or Macao, and passports. Some illegal travel agencies and enterprises or institutions, in the name of "providing assistance in applying for overseas travel permits," have sold forged documents for exorbitant profits and given a very bad impression at home and abroad. For this reason, the public security authorities in various localities in the Chinese mainland recently launched a campaign to investigate and punish violators of law and discipline in connection with forged documents.

It used to be very difficult for Chinese residents to obtain permission to go abroad. It used to take six months to two or three years for them to get such permission. In recent years, in order to protect citizens' legitimate right to cross the border, the authorities in various places have taken measures to make things convenient for the public and kept on simplifying the procedures for passport and visa applications. Travel documents are now issued much faster, so the number of people leaving the country to visit relatives or friends abroad, to go sightseeing, for self-financed study abroad, to go on business inspection trips, to be employed by foreign parties, and to settle abroad has been rising by the year. Last year, the

exit-entry control departments of the public security community nationwide gave approval to 1.518 million citizens applying for permission to leave the country for personal reasons, of which 705,000 went to other countries, 795,000 went to Hong Kong or Macao, and 18,000 went to Taiwan. Last year, 41,000 were given permission to emigrate legally to other countries, 36 percent more than the 1993 figure of 30,000. In addition, since 1979, the mainland public security authorities have issued a total of more than 3.3 million passports to Chinese citizens.

Despite the fact that the public security authorities have in recent years made active efforts to broaden avenues for legitimate travel outside the Chinese mainland and make things convenient, where allowed by law, for citizens entering or leaving the country in a normal way, the number of cases of holders of false documents entering Hong Kong or going to a third country via Hong Kong has only increased. Liang Ming-yan [2733 6900 1750], director of Hong Kong Immigration Department, recently mentioned that over the past few years there have been more than 2,000 such cases each year. Lawless people in Hong Kong and the mainland collaborate with each other and sell forged two-way and one-way permits and passports at high prices to those who are eager to leave the country. At the end of last year, the mainland's public security authorities cracked a syndicate specializing in forging one-way permits in Shenzhen. This syndicate sold those forged documents for the price of 600,000 yuan each. Also toward the end of last year, the Hong Kong police and Immigration Department jointly cracked two massive syndicates forging travel documents suspected to have assisted mainland people in entering the United States or Japan via Hong Kong. In order to intercept people holding forged documents trying to enter Hong Kong, Guangzhou and Hong Kong officials recently discussed how to strengthen cooperation.

It has been reported that since the beginning of this year, Guangzhou's Baiyun Airport has intercepted over 200 outward-bound passengers holding false passports or exit permits. This is a figure rarely seen in recent years. According to sources, those passengers had obtained the false documents and exit permits through some institutions or travel agencies by paying large sums of money. For some time, proper control was not exercised over Guangdong residents' travel outside the Chinese mainland, so some lawless travel agencies not only solicited customers from other regions, but also openly claimed that they could apply for passports, visas, or exit permits on behalf of those who were eager to go abroad, collecting from them "document handling charges" ranging from thousands to tens of thousands

of Hong Kong dollars. These law-violating activities gave some people with criminal records or with ulterior motives a chance to flee the country.

Therefore, since last year, Guangdong's public security authorities have further strengthened their control over the processing of applications to going abroad; cleared up and rectified the travel procedures with regard to Hong Kong, Macao, and other countries; and banned those travel agencies, enterprises, institutions, and agent offices engaged in illegal arrangements for overseas travel. The exit-entry control department of the public security authorities has reiterated that the documents held by Chinese citizens going abroad for personal reasons can only be issued by the Ministry of Public Security and its authorized local public security organs. No other institution has the right to process the relevant applications.

During last year, the border inspection station of Shenzhen Special Economic Zone intercepted a total of more than 120,000 people holding forged or altered border passes. That was an average of over 10,000 per month. Guangzhou City recently cracked down on illegal re-selling of border passes, clearing away over 70 illegal outlets and seizing more than 500 false border passes.

Most of the false documents traded on the black market in the Chinese mainland are forged or stolen by lawless people. In one or two [ge bie 0020 0446] places, the departments of the public security community involved with the printing and issuing of the documents failed to abide strictly by the rules and issued "connection documents," "gift documents," or "nonlocal documents" to those who were not in the category of holders or who did not qualify to be issued with them. In some places, officials abused their powers and took bribes for issuing documents. A typical example is Guo Zhengmin, former head of Guizhou Provincial Public Security Department, who accepted big bribes for obtaining Hong Kong or Macao border permits for other people. When his crime was discovered, Guo Zhengmin was heavily punished. So recently, the mainland's Ministry of Public Security requested all localities to strictly abide by the rules and regulations regarding the issuing, use, and inspection of relevant exit and entry documents.

Central Committee on Improvement of Information
SK0607121095 Beijing XINHUA Domestic Service
in Chinese 1059 GMT 5 Jul 95

[FBIS Translated Text] Beijing, 5 Jul (XINHUA) — The general office of the CPC Central Committee issued the circular on implementing on a trial basis the "opinions about further improving the information work" as well as the "opinions about further improving the super-

vision and inspection work," urging the general offices of party committees at all levels to conscientiously carry them out on a trial basis in the practical work and to work hard to promote the party committees' information work and the work of supervision and inspection to a new level. In coordination with the general offices' efforts of in-depth studying and implementation, the seventh issue of MISHU GONGZUO (WORK OF SECRETARY), sponsored by the secretarial bureau of the party Central Committee general office, published the full text of these two "opinions."

The "circular" pointed out: The work of information and the work of supervision and inspection are two key tasks of the general office of the party committee. To better develop these two tasks in depth and standardize as well as systemize them step-by-step, the two opinions stipulated by the general office of the party Central Committee firmly focus on the fundamental duty of the party committee's general office, take into account the characteristics of the work in the new period, and, after summing up experiences, set forth specific regulations about the important responsibility of the party committee general office's information work and work of supervision and inspection, and about the basic principle, methods, and requirements for achieving success in the work of information and the work of supervision and inspection.

There are six main provisions in the "opinions on further improving the information work": 1) Reporting information to party committees is the main task of the general offices at all levels. 2) The principle of providing information in a prompt, correct, and comprehensive manner should be insisted upon. 3) The information should be provided with focus on the party's central task. 4) The overall development and comprehensive use of information should be well done. 5) The construction of the information network should be further upgraded. 6) Party committees at all levels should strengthen their leadership over the information work.

There are six main provisions in the "opinions on further improving the work of supervision and inspection": 1) Supervising and inspecting the implementation of the party committees' resolutions is the important responsibility of the party committee's general office. 2) The supervision and inspection should be conducted with focus on the party's central task. 3) Supervision and inspection should be conducted in diversified forms. 4) The investigation and implementation of the issues commented by the leading comrades of the party committee should be done in a conscientious manner. 5) Service, organization, and coordination should be actively provided when the leading comrades of the party committee conduct the work of supervision and inspection. 6) Party

committees at all levels should strengthen the leadership over the general office's work of supervision and inspection.

These two "opinions" emphasized: The party committee's information work and the work of supervision and inspection in these recent years have made great headway and played an active role under the leadership of the party Central Committee, as well as the party committees at all levels. At present, our country has stepped into the new period in which the economic system of the socialist market economy is accelerated and the national economy is enhanced to develop in a continuous, speedy, and healthy manner. The new situation and the task posed newer and higher requirements on the work of information and the work of supervision and inspection: We should conscientiously carry out the two "opinions," further achieve success in the information work, and provide information in large amounts, with higher quality, and good timing for the party committee's policymaking. We should increase the momentum of the work of supervision and inspection, pay attention to the implementation of the party committee's resolution with unremitting efforts. This is of great importance to carrying out the party's line, principles, and policies and implementing the layout of the significant resolution and significant work.

Giordano Targeted in Swipe at APPLE DAILY

*HK0707091695 Hong Kong HSIN PAO in Chinese
4 Jul 95 p 1*

[Report: "China Makes Arrangements To Restrict Jimmy Lai's Domestic Investment, Bans Extension of Contracts for Giordano Retail Outlets When Contracts Expire"]

[FBIS Translated Text] According to information collected by HSIN PAO staff reporter, in order to target APPLE DAILY [PING KUO JIH PAO] and attack Jimmy Lai, the largest Giordano shareholder and chief of the daily, the Chinese authorities have instructed relevant departments to tightly restrict Giordano's development in China. As a result, Giordano will face difficulties in developing the mainland market. Moreover, it is likely to lose the huge potential market.

An informed source disclosed that a week before the first issue of Hong Kong's APPLE DAILY was published, the relevant mainland department informed the officials responsible for the industrial and commercial departments, taxation departments, and media of all provinces and cities of the following four-point directive:

First, China's commercial institutions and government organs are not allowed to give interviews to APPLE

DAILY or to place advertisements in the paper. The distribution and circulation of the paper are banned as well.

Second, the major newspapers (including the press, and television and radio stations) which have signed contracts to carry commercial advertisements for Giordano will not carry the advertisements after the contract expires.

Third, enterprises that have signed contracts on franchise operations with Giordano must not extend the contracts after they expire. The shops rented by Giordano may not be extended after the expiry of contracts.

Fourth, the industrial, commercial, and taxation departments should strengthen commercial registration and tax inspection of the enterprises dealing in Giordano products. If any violation is discovered, it will be handled sternly and the license may even be revoked.

Former Head of Largest State Insurer Investigated

*HK0707004395 Hong Kong EASTERN EXPRESS
in English 6 Jul 95 p 1*

[By staff reporter]

[FBIS Transcribed Text] Li Yumin, the former chairman and president of the People's Insurance Company of China (PICC), is under investigation by the Chinese authorities for allegedly diverting huge sums of PICC funds to his children, resulting in a loss of at least 13 million renminbi (HK\$12m), sources close to the company said yesterday in Beijing.

Li, who was removed from the reins of China's largest state insurer last August, has already been given a serious disciplinary warning by the Chinese Communist Party's organisational department.

Sources said that the PICC staff were yesterday briefed about the disciplinary action and Li's alleged diversion of funds for his son, Li Xiaoping, and daughter, whose name was not revealed.

It remains unclear whether administrative punishment measures or criminal charges will be brought against Li, who so far remains PICC's senior adviser and the director-general of the China Society of Insurance.

Li, enjoying the rank of vice-minister, is another senior Chinese official who has been recently implicated in Beijing's intense anti-corruption crusade.

On Tuesday, China announced a further investigation into Chen Xitong, the disgraced Beijing party chief and a politburo member, for corruption and his involvement with his protege, a former Beijing vice-mayor, Wang Baosen.

Wang, whose suicide in early April triggered Chen's downfall, was accused of embezzling more than Rmb [renminbi] 250,000 and US\$20,000 (HK\$156,000) of public funds as well as diverting more than Rmb100m and US\$25m to his younger brother, mistress, and other friends, resulting in a loss of more than US\$13m.

Yesterday, sources said that during his reign as the head of PICC, Li had authorised the release of tens of millions of renminbi in PICC funds for his son, the general manager of a property development company in Hainan province. PICC's Hainan subsidiary is a substantial shareholder of the company.

Besides speculating in the property market, the younger Li also used the money to buy luxury imported cars and villas, and to support his mistress.

After the case came to light last March, Li Xiaoping fled Hainan and his whereabouts are unknown, leaving more than Rmb13m of PICC funds unaccounted for. Five months later, Li Yumin stepped down as the chairman and president of PICC.

Ministry Takes Steps To Ensure Labor Law Implemented

HK0707004695 *Beijing CHINA DAILY in English*
5 Jul 95 p 1

[By Cao Min: "New Labour Law Worked on"]

[FBIS Transcribed Text] In a bid to ensure a full implementation of the Labour Law the Ministry of Labour is taking steps to introduce labour contract, minimum wage and labour supervision systems throughout China.

The Labour Law, China's first, came into effect on January 1 of this year.

Under the ministry's current schedule, before the end of this year, at least 80 per cent of employees in the country will sign labour contracts with their employers; all provinces, municipalities and autonomous regions should set minimum monthly wages for urban employees; and supervisory organizations to monitor enterprises' compliance with labour laws should be set up at county levels across China.

At a national working conference yesterday, Labour Minister Li-Boyong said enforcement of the Labour Law must serve to protect labourers' legitimate rights and interests, create harmonious labour relationships and promote social stability.

"In this sense, the Labour Law is a bill that promotes national stability," Li said.

Li also said labour departments at all levels should co-ordinate with other government departments to deepen

reform in State-owned enterprises and establish modern enterprise systems at pilot units. They should pay special attention to expanding the social insurance system, rehabilitating surplus workers and improving labour management in enterprises.

Over the past six months, 29 provincial governments and 25 departments under the central government formally issued programmes to implement the labour contract system.

So far, 26 provinces, municipalities and autonomous regions have set minimum wages in line with local economic development.

A social security pension system covering the retired and unemployed, and a medical and work injury insurance system are taking shape in many parts of the country, Li said.

About 92 per cent of local counties had established labour arbitration committees by the end of last month, Li added.

Official statistics show these labour arbitration committees heard 4,725 labour disputes and settled 3,975 cases, 84.1 per cent of the total, in the first quarter of this year.

"In general, the enforcement of the Labour Law is good in the first six months of this year, which paves the way for further progress in the months ahead," Li said.

Li also pointed out some problems and difficulties in the enforcement of the law. One is that many people still have confused or incorrect ideas about the law.

Increasing unemployment pressure and the disparity between the enterprise personnel and labour contract systems also present some obstacles to the smooth implementation of the Labour Law, Li said.

Nationwide College Entrance Examination To Start

OW0707073995 *Beijing XINHUA in English*
0717 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — The yearly nationwide college entrance examination started all over the country today.

More than 2.53 million high-school graduates are taking the three-day examination.

It is really hot today in Beijing, and examination centers provide beverages and medical service for the examinees.

In the past few days major newspapers in Beijing have carried a number of reports and articles answering questions concerning the college entrance examination and admission of new college students. Experienced

teachers and psychologists were invited to talk to the examinees and their parents on television.

Statistics show that this year 1.6 million students entered for the examination for science and engineering, and 920,000 students registered for the examination in literature and history. One out of three examinees will be admitted by colleges and universities.

The most popular specialties which the examinees have applied for include finance and economics, foreign trade, foreign languages, computer science and communications. "This reflects the fact that students connect their studies with the needs of China's economic construction," said an official of the State Education Commission (SEC).

The admission of new college students will end in August. College entrance examinations for students in Hong Kong and Macao who have applied to study at mainland colleges and universities finished in June.

China now has nearly 1,100 colleges and universities.

Report on Leaders' Activities 30 Jun-6 Jul

OW0707085295

[FBIS Editorial Report] PRC media monitored by Okinawa Bureau from 30 June to 6 July carried the following reports on PRC Central leadership activities. Sources are noted in parentheses after each report.

Yu Yongbo Praises SEZ Sixth Company's Performance — The General Political Department of the People's Liberation Army [PLA] recently popularized throughout the Army the experience gained by the "Shenzhen Special Zone's Good Sixth Company" in strengthening ideological and political education. Yu Yongbo, director of the PLA General Political Department, emphasized: the experience gained by the "Shenzhen Special Zone's Good Sixth Company" in strengthening ideological and political education carries important realistic significance in carrying out the series of instructions on army building given by Military Commission Chairman Jiang Zemin and in guaranteeing the Army's political firmness and ideological and moral purity. (Beijing XINHUA Domestic Service in Chinese 0700 GMT 23 Jun)

Li Tiesing Greets PLA Housing Reform Meeting — In his letter greeting the opening of the third work meeting on reforming PLA's housing system held in Beijing on 26 June, State Councillor Li Tiesing, who is also a member of the CPC Central Committee Political Bureau and head of the State Council's Leading Group for Housing System Reform, fully affirmed the gratifying results achieved in reforming the PLA's housing system, hoping that the Army will set a

good example in promoting healthy nationwide housing reform. Fu Quanyou, member of the Central Military Commission and director of the PLA General Logistics Department, attended the meeting. (Beijing XINHUA Domestic Service in Chinese 1158 GMT 26 Jun)

Li Guixian Attends Public Service Seminar — An eight-day advanced seminar on promoting the public service system ended in Beijing on 26 June, during which State Councillor Li Guixian held discussions with the attendees. (Beijing XINHUA Domestic Service in Chinese 0734 GMT 26 Jun)

Li Tiesing Presents World Heritage Certificates — The China Committee of UNESCO and the State Cultural Relics Bureau jointly held a World Heritage certificate presentation meeting in Beijing's Great Hall of the People on 29 June. State Councillor Li Tiesing, who is also a member of the CPC Central Committee Political Bureau, attended the meeting and presented certificates to representatives of designated world heritages in China, including Tibet's Potala Palace. (Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 29 Jun)

Ding Guangen Meets Dramatists — Ding Guangen, a member of the CPC Central Committee Political Bureau and the Secretariat and head of the Propaganda Department, met members of Shanxi Drama Group in Zhongnanhai on the evening of 30 June. He praised the group for presenting a drama based on Kong Fansen's story in Beijing recently. (Beijing Central People's Radio Network in Mandarin 2230 GMT 30 Jun)

Jiang Chunyun Writes Preface for Magazine Column — Beginning 13th volume this year, ZHONGHUA YINGCAI (THE CHINESE ELITES) will open a serialized column titled "Chinese Villages with 100 Million Yuan Annual Output." In his preface to the new column, Vice Premier Jiang Chunyun, a member of the CPC Central Committee, emphasized the importance of having an enterprising, highly responsible, and knowledgeable branch party committee secretary capable of uniting the masses and leading the peasants to prosperity. (Beijing Central People's Radio Network in Mandarin 2230 GMT 30 Jun)

Jiang Zemin, Li Peng Inscribe for Book Series — General Secretary Jiang Zemin wrote the title and Premier Li Peng wrote the inscription for "China's County (City) Reform in Length and Breadth" book series, which was launched in Beijing recently. (Beijing XINHUA Domestic Service in Chinese 0051 GMT 1 Jul)

Jiang Zemin Writes Signboard for Memorial Hall — Personally written by General Secretary Jiang Zemin,

the signboard of the "Nanjing Massacre Victims Memorial Hall" was officially unveiled in Nanjing City on 1 July. (Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 2 Jul)

Jiang Zemin, Qiao Shi Visit Calligraphic Exhibition — On 2 July, Chinese President and CPC General Secretary Jiang Zemin, who is also chairman of the Central Military Commission; and Qiao Shi, a member of the Standing Committee of the CPC Central Committee Political Bureau, visited a calligraphic exhibition presented by Li Tuo, who handwrote the text of "Master Sun Zi's Art of War." Yu Yongbo, member of the Central Military Commission and director of the PLA General Logistics Department, also visited the exhibition. (Beijing XINHUA Domestic Service in Chinese 1349 GMT 2 Jul)

Hu Jintao Meets Outstanding Young Scientists — Hu Jintao, a member of the Standing Committee of the CPC Central Committee Political Bureau and the Secretariat, cordially met members of "The Making of Young Scientists Report Group" in Beijing's Great Hall of the People on 3 July. During the meeting, Hu Jintao praised the eight young scientists for their scientific achievements, saying, among other things, that qualified personnel will be crucial to the successful implementation of the strategy of invigorating the nation through science and education, and that the building of a world-class contingent of scientists and expert needs efforts, support, and help from the party, the government, the society, and veteran scientists and experts. (Beijing XINHUA Domestic Service in Chinese 1039 GMT 3 Jul)

Li Lanqing Greets Award-Winning Sino-Foreign Enterprises — The eighth nationwide award presentation meeting for top 10 Sino-foreign-funded enterprises was held in Xian City on 1 July. In his congratulatory letter, Vice Premier Li Lanqing, who is also a member of the CPC Central Committee Political Bureau, stated that opening to the outside world, encouraging foreign businessmen to invest in China, and establishing foreign-funded enterprises have been important measures in establishing the socialist market economy with Chinese characteristics. Since the incorporation of the first Sino-foreign-funded enterprise in 1980, the state has approved over 220,000 foreign-funded enterprises, which have become an important force in China's economic construction. (Beijing XINHUA Domestic Service in Chinese 1010 GMT 2 Jul)

Peng Peiyun Attends Medical Graduation Ceremony — Peng Peiyun attended a graduation ceremony for 627 traditional Chinese medical doctors in Beijing on 4 July.

(Beijing XINHUA Domestic Service in Chinese 0909 GMT 4 Jul)

Ismail Amat Attends Meeting on Training Xinjiang's Minorities — State Councillor Ismail Amat, who is also chairman of the State Nationalities Affairs Commission, attended the third coordination meeting on training high-level professionals from Xinjiang in Beijing on 4 July. Under the project, over 50 institutes of higher learning in the interior will continue training more personnel from Xinjiang in the coming five years to meet its development needs in the 21st century. (Beijing XINHUA Domestic Service in Chinese 1127 GMT 4 Jul)

Li Lanqing Meets Family Members of Late Law Enforcer — Vice Premier Li Lanqing cordially received family members of "economic law-enforcer" Fan Zongping in Beijing on 4 July. Comforting the mother and wife of martyr Fan Zongping, Li Lanqing said that Fan has set a good example for the whole party and all cadres to emulate. (Beijing XINHUA Domestic Service in Chinese 1412 GMT 4 Jul)

Zhou Nan Attends China Association Anniversary Celebrations — Hong Kong's China Association celebrated its fourth founding anniversary on 1 July; XINHUA Hong Kong Bureau Director Zhou Nan attended the function. (Beijing XINHUA Domestic Service in Chinese 1443 GMT 1 Jul)

Peng Peiyun Serves as Adviser to Children's Singing Contests — The first nationwide children's television singing contest was held in Beijing recently, to which Peng Peiyun served as an adviser. (Beijing XINHUA Domestic Service in Chinese 0749 GMT 6 Jul)

Liu Huaqing, Zhang Zhen, Others Attend War Victory Exhibitions — "Victory of the Chinese Nation," an exhibition marking the 50th anti-Fascist war victory anniversary was opened in the Chinese People's Military Museum in Beijing on 6 July. Liu Huaqing, a member of the Standing Committee of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission; Zhang Zhen, vice chairman of the Central Military Commission; and Zhang Wannian and Yu Yongbo, both members of the Central Military Commission; and others attended the opening ceremony and viewed the exhibitions. Addressing the opening ceremony, Yu Yongbo said that the War of Resistance against Japan half a century ago heralded the first complete victory against aggression in China's modern history, fully demonstrating the noble spirit and dignity of the Chinese nation that tolerates no bullying and humiliation, as well as the great strength following the awakening and unity of the Chinese people. The

CPC was the mainstay in winning the war. (Beijing Central Peoples's Radio Network in Mandarin 1030 GMT 6 Jul)

Liu Huaqing, Zhang Zhen Visit Calligraphic Exhibition — Liu Huaqing, a member of the Standing Committee of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission; and Zhang Zhen, vice chairman of the Central Military Commission, enthusiastically visited Li Tuo's calligraphic exhibition on the text of "Master's Sun Zi's Art of War" on 6 July. They were accompanied by Zhang Wannian and Yu Yongbo, both members of the Central Military Commission.

Shanghai Mayor To Curtail U.S. Visit

HK0707075495 *Hong Kong SOUTH CHINA MORNING POST* in English 7 Jul 95 p 10

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] Shanghai Mayor Xu Kuangdi is to shorten his visit to the United States next week in an apparent protest over last month's American trip by Taiwan President Lee Teng-hui.

In his first press conference since becoming mayor of China's largest city, Mr Xu also denied that the metropolis had benefited from the predominant position of the "Shanghai Faction".

Mr Xu, 58, had been due to fly to New York after a trip to San Francisco to celebrate the 15th anniversary of its sister-city relationship with Shanghai. But he has cancelled the second leg. Asked whether it was in response to the Lee trip, he said: "I didn't say that. I'll leave you to interpret it." He said Shanghai and San Francisco were sister cities and his visit to the United States was "not one between two countries". Analysts said that in view of the current poor state of Sino-US ties, it would have been inappropriate for Mr Xu to proceed with his original plan.

Mr Xu also disclosed that from next year, Shanghai would have to contribute only 60 per cent of its tax revenues to central funds, compared with about 65 per cent this year. The reduction is part of a national tax-sharing scheme for the regions, which was first announced last year but, according to Mr Xu, will go into effect in 1996. Under the new regime, local governments will be able to keep 40 per cent of their tax revenue, with the remaining 60 per cent going to central funds. It will benefit cities such as Shanghai, but hurt Guangdong province, which currently shoulders a lighter tax burden. Before 1983, Shanghai handed over 89 per cent of taxes to Beijing. This has since been scaled down. This was cut to 78 per cent when President

Jiang Zemin was its mayor in 1986, to 70 per cent when Vice-Premier Zhu Rongji was mayor in 1988, and to 68 per cent last year.

Mr Xu denied reports that Shanghai had benefited from the fact that the party politburo and other central offices were dominated by politicians with local affiliations, despite Mr Jiang's term as mayor. Despite frequent press references to a "Shanghai faction", the city had not gained any favours from it. "The central Government imposes strict demands on Shanghai instead of giving it any favours," he said.

Mayor Says Shanghai Not To Replace Hong Kong

HK0707080095 *Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST)* in English 7 Jul 95 p 6

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] Shanghai's economic emergence does not spell the end of Hong Kong as an international financial centre, says Shanghai mayor Xu Kuangdi. Mr Xu suggested yesterday that Hong Kong and Shanghai would serve different needs and the country was big enough to accommodate two financial centres.

"Hong Kong will continue to keep its economic position but its development will depend on the economies of East Asia," he said. "Shanghai's emergence as a financial and economic centre very much depends on China's economic development. For Shanghai to become a financial centre, it does not mean it would replace Hong Kong."

Foreign investors, for example, would continue to use Hong Kong as a window to third countries while Shanghai would serve the domestic economy.

Mr Xu suggested it was not a zero-sum game, where the growth of one meant a hindrance to the other. "New York did not replace London. In the 1970s, Frankfurt became Europe's financial centre but again did not replace London," he said. "The world is very rich and can support many financial centres. It is not like in sports where there is only one gold medallist."

Mr Xu was responding to fears in some quarters in Hong Kong that in a decade or so, the territory would lose out to Shanghai, which was given the official push to regain its past glory as China's economic and financial centre. It was believed that given Shanghai's better educated labour force and the increasing use of English among the young, the Chinese city would take over some of Hong Kong's functions as a springboard to China.

The mayor said in developing Shanghai, the city would not look to the Hong Kong model, where the tertiary sector played a highly significant role. "It will not just rely on the tertiary sector as the secondary sector occupies a significant proportion of our output because we have a strong industrial base," he said. To focus mainly on the tertiary sector would mean that the millions working in the secondary sector would be out of work, he said. Besides, Shanghai had a good port and to fail to turn it into another advantage would be a waste. "Shanghai will continue to develop its industries, like what is happening in Tokyo, which still has the steel and car industries," he said.

He said the costs of operating in Shanghai were rising, especially for land, but there were plenty of opportunities to make money. "Land cost is high because it is easy to make money here," he said. "Look at all those places where land is expensive — you can see clearly that there are plenty of business opportunities there." He said Canada, Australia and Africa had cheap land but few people went there to do business. Businessmen preferred to go to Tokyo or New York because these cities were where there was opportunity.

Luo Gan Addresses Tibet-Bound Cadres

OW0707044295 *Beijing XINHUA Domestic Service in Chinese 0839 GMT 23 Jun 95*

[By Central People's Broadcasting Station reporter Li Wenxiang (2621 2429 4382) and XINHUA reporter Chen Yan (7115 7159)]

[FBIS Translated Excerpt] Beijing, 23 Jun (XINHUA) — A three-day training class for cadres of central party and state organs who are bound for Tibet ended in Beijing today. Luo Gan, state councillor and State Council secretary general; Zhang Qianjing, director of the CPC Central Committee's Organization Department; Minister of Personnel Song Defu; and senior officials of the Work Committee for Organs under the Central Committee [WCOCC] and the Work Committee for Organs under the Central Government [WCOCG] attended the summing-up meeting of the training class.

Luo Gan spoke at the meeting today. He began his speech by extending warm regards to the Tibet-bound cadres. He saluted them for taking the initiative to work in Tibet and for showing a high degree of political awareness and dedication to serving the people in Tibet. Meanwhile, he expected the cadres to do well in four aspects: giving play to the spirit of plain living and hard struggle, defying difficulties, and daring to sacrifice; promoting the unity of nationalities and respecting minority nationalities' customs and habits as well as religious rites; stepping up study and keeping themselves

physically fit; and safeguarding the motherland's unification and working for Tibet's development and stability.

Zhang Qianjing and Song Defu also spoke at the meeting. They expressed the hope that the Tibet-bound cadres will live up to the great trust of the party central committee and the State Council by successfully completing their mission.

The training class — cosponsored by the WCOCC, the WCOCG, the CPC Central Committee's Organization Department, and the Ministry of Personnel — was aimed at helping the Tibet-bound cadres obtain a better understanding of the party central committee and State Council's principles and policies toward Tibet and familiarize themselves with the relevant situation in Tibet so that they can adapt themselves to the living and working environment as soon as possible after arrival in Tibet. The training class was attended by 81 cadres selected from 32 central party and state organs. During the class, the sponsor transmitted speeches by central leading comrades at the third forum on work in Tibet, explained the party central committee and State Council's policies on nationalities and religious affairs in Tibet, and gave briefings on Tibet's history, geography, and ethnic customs.

WCOCC Deputy Secretary Gu Yunfei and WCOCG Deputy Secretary Jia Jun spoke, respectively, at the opening and closing ceremonies of the training class. [passage omitted]

According to a briefing, the Tibet-bound cadres from central party and state organs will leave Beijing for Lhasa on 26 June. So far, the work of dispatching selected cadres from the hinterland to Tibet has been completed. Some 500 cadres dispatched from 14 provinces and municipalities have successively arrived in Tibet.

It is understood that the central party and state organs will dispatch 100 newly enrolled university students to work in Tibet in August this year.

Flooding in Hunan Reported

Jiang Chunyun Visits

HK0707070095 *Changsha Hunan People's Radio Network in Mandarin 2300 GMT 4 Jul 95*

[FBIS Translated Text] Jiang Chunyun, vice premier of the State Council, and his entourage, in the company of Governor Yang Zhengwu and other leading comrades, yesterday [4 July] visited Taojiang County of Ziyang District under Yiyang City, as well as Changde City to learn about conditions in the flooded areas, and to pass on to local people the regards of the central party

authorities, the State Council, and the Central Military Commission. During their visit they also gave advice on how to fight the flood.

Yesterday, Vice Premier Jiang Chunyun and his suite first heard briefings on flood-fighting operations in the cities of Yiyang and Changde. They fully appreciated the efforts made by people in these two cities. They then paid a visit to some spots where people who had lost their homes were gathered. They talked to people there to learn about their living conditions and food supply. They also called on the boat bridge units of the People's Liberation Army, armed police force units, and public security police units who had played a part in the antiflood contingency operation.

Wherever he visited, Vice Premier Jiang conveyed to local people the regards of the party's central authorities, the State Council, and the Central Military Commission; encouraged cadres and the masses; assured them of the party's leadership; and urged them to unite with each other; work together to fight floods; provide for and help themselves by engaging in production; tide over difficulties; and strive for victory in the struggle with the natural calamity.

Before their visit to Yingyang and Changde, Vice Premier Jiang and his entourage inspected flood-fighting and disaster-relief work in the Changsha area.

Minister Inspects Areas

HK0707092195 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 29 Jun 95

[Report by staff reporter Liu Bin]

[FBIS Translated Text] While inspecting work of flood prevention and providing relief in Hunan, Water Resources Minister Niu Maosheng, who is concurrently deputy head of the National General Headquarters for Flood Prevention and Drought Control, indicated that the broad cadres and masses must be ready to fight a great flood with strong confidence and meticulous arrangement so as to win victory in this year's fight against flooding and in rushing to emergencies.

On 27 June, Minister Niu Maosheng heard reports by Hunan party, government and Army leading members on the flood conditions in the province. Niu Maosheng indicated that in the next step of Hunan's work in flood prevention and providing relief, it is imperative to consolidate dams, dredge river courses, and repair projects damaged by the flood. At the same time, it is imperative to rush to rescue victims in afflicted areas, do a good job of making arrangements for their livelihood, enthusiastically unfold activities to help the masses overcome adversity through greater production,

promptly drain water from water-logged land in order to replant rice shoots, and do the utmost to cut back losses from natural disasters.

Floods Kill 387

HK0707004795 Beijing CHINA DAILY in English 5 Jul 95 p 1

[By Xiang Xin: "Hunan Floods Already Drown 387"]

[FBIS Transcribed Text] Changsha—This capital of Hunan Province is under siege by the most serious flooding seen in 40 years. The swirling waters already have killed 387 people, the provincial information office revealed yesterday.

Since June 21 frequent downpours have raised water levels in Dongting Lake, the Yuanshui, Zishui and Lishui rivers to record highs.

On June 23, Liuyang City witnessed 300 to 400 millimetres of rainfall in 12 hours. Taojiang County received 162 millimetres of precipitation within four hours.

Torrential rains resulted in floods, smashed dams, inundated farmlands, submerged cities, snarled traffic and cut short telecommunication in many parts of the province.

Widespread floods affected more than 21.5 million people from 85 counties, cities and regions in the province. Rising waters stranded about 3 million residents.

A total of 281,900 houses are estimated to have collapsed in the storm. Direct economic losses amounted to 14.2 billion yuan (\$1.72 billion), the information office said.

The rain ceased yesterday but the whole province is still threatened by flooding from many overflowing rivers.

Flood control agencies believe that the flood level in the southern part of Dongting Lake is likely to exceed 1954s historic high, even if no rains fall over the next few days.

Civilians and soldiers in this province are trying to combat the flood and rescue victims.

Provincial officials have arrived at the front line of battle fields and the province has been declared in a state of emergency.

Beginning Monday, four helicopters from the local air force unit began bringing food, medicine and first-aid equipment to flood-submerged Taojiang, Tiaoyuan, Luxi and Hanshou counties.

Further on Flooding

OW0607172495 *Beijing XINHUA in English*
1614 GMT 6 Jul 95

[FBIS Transcribed Text] Changsha, July 6 (XINHUA) — Hunan Province in central China has been hit by a series of downpours since late June which have caused serious flooding.

According to statistics from related departments, a total of 85 counties, cities, and districts in the province with over 21.5 million people have been affected by the flooding, and a total of 295,000 houses and 1.19 million ha of farmland have been destroyed.

The Chinese Communist Party Central Committee and the State Council have showed grave concern over the flooding. Top Chinese leaders Jiang Zemin, Li Peng, and Zhu Rongji have phoned the province to inquire about the flooding situation, expressing sympathy and concern for the flood victims.

Vice-premier Jiang Chunyun, on behalf of the Party Central Committee and the State Council, made a special trip to Hunan to visit flood-stricken areas.

In an attempt to help fight the flooding, the central government has sent 6 airplanes loaded with food and medicine to the flood-stricken areas to help the victims.

A total of more than 5 million people, including local officials and army men, have been mobilized to salvage property and try to minimize losses.

Science & Technology

Paper Reports on Growing Computer Industry

OW0707094195 *Beijing XINHUA in English*
0903 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — China's fledgling computer industry has registered an annual growth rate of 70 percent over the past five years.

So far, China has some 15,000 computer-based information companies, of which the number of employees reaches 300,000 altogether, according to the China Machinery And Electronics Daily.

The paper further noted that through years of efforts the country now has a remarkable design capability in the fields of PC [personal computer] and external equipment manufacturing, though it was regarded merely as an assembly base five years ago.

Furthermore, the exports of computer components have grown at the rapid rate of 77 percent annually, with several domestic computer enterprises, including the Legend Group, now ranking among the major chip producers in the world.

Thanks to the ongoing surge of software development, the sector has so far formed an advanced capability to design a Chinese platform for foreign softwares, and notable achievements are constantly being made in the fields of multi-media technology and CD-ROM manufacturing.

Moreover, the cooperation and exchanges between the Chinese computer sector and foreign information industry companies are well under way, the paper added. Global big names, including IBM and Apple, have set up a number of joint ventures across the country.

Chinanet Links Cities to Internet

HK0707083595 *Hong Kong WINDOW in English*
7 Jul 95 p 3

[Article by Zuo Feng in Beijing: "Chinese Masses Go On-Line; Mainlander Set To Join the Internet Community"]

[FBIS Transcribed Text] Mainland hackers have been granted access to the world's largest computer network, the Internet, with the launch of a PRC branch—Chinanet—on June 20.

The service greatly enhances the efficiency of information exchanges between China and the rest of the world. It also provides the mainland with valuable experience in establishing and managing information networks.

Internet links about 20,000 regional networks and more than 2 million host computers world-wide. There are an estimated 30 to 40 million users, with thousands of new subscribers joining daily.

Residents in Beijing, Shanghai and Guangzhou can now send and receive electronic mail and log on to other Internet hosts world-wide. They can transfer files, or research information through the World Wide Web or bulletin board systems and join the news groups of Usenet.

Charges: The telecommunications authorities charge 100 yuan per month for six hours on-line service or 600 yuan for 40 hours. For each additional on-line hour, the user has to pay 20 yuan, but there is a 50 per cent discount if a user on during public holidays or in off-peak hours from 9pm to 7am.

Chinanet was based on an agreement signed on August 30, last year by Luan Zhengxi, head of the Directorate General of Telecommunications at the Ministry of Post and Telecommunications, and William T. Esrey, chairman and chief executive officer of US telecommunications giant Sprint.

Sprint set up a new service, Global Sprint Link, to provide China with access to the Internet.

Chinanet began experimental operations earlier this year. Two 64,000 bits-per-second international optic fibre cables linked the Internet with two CISCO 7000 routers in Beijing and Shanghai—two major national telecommunication hubs.

This is too slow to be termed an information superhighway. PC Magazine, a US authoritative periodical specializing in computer science, claimed in last month's issue that 128kbps is the lowest acceptable speed for even a common Web server.

Nevertheless, Chinese telecommunication authorities believe that Chinanet will lay a solid foundation for the comprehensive development of China's on-line and data transmission services.

Meanwhile, the use of Internet in the scientific community is expected to greatly enhance the exchange of information between China and the international community.

Chinanet has already set up its homepage, which provides easy access to many Web databases. More companies and government departments are expected to set up individual homepages to promote their services and products and seek international partnerships.

The new service has aroused great enthusiasm in China, especially in the scientific community and the information industry. More than 1,000 users have joined the network for the experimental period. Most subscribers link their PCs with Chinanet through telephone lines and modems.

Problems are apparent. The limitations of China's telephone service mean modems rarely perform at speeds of more than 2.4kbps, compared with the peak rate of 9.6kbps. This means it takes several minutes to download a picture, and that sound, large freeware and shareware files, animation, movie and video clips, are almost impossible to download. Even so, the first Chinanet users are delighted with access to the treasure trove of information.

Feng Zhiqian, a computer engineer with China Business Information Network, was glued to his computer for more than six hours each day during the network's first few weeks. He was ostensibly studying the commercial uses of the Internet for his company, but also found "a totally new entertainment." He has made new friends around the world with whom he discusses problems with his computer, software and network.

Some other Chinanet users are local area networks or hosts. They can be end users or information suppliers and are mostly linked with local Chinanet hosts by 64kbps leased lines. As information suppliers, they

usually have more than one Internet Protocol address, which can be distributed to other hosts and servers in their system, so that other Internet users can easily log on to their system.

China's efforts to join the Internet were initiated by academic circles about 10 years ago. Qian Hualin, a scientist with the Institute of Computer Sciences at the Chinese Academy of Sciences explains: "If some scientists cannot work on the network, they lose touch with the very latest development in their research fields. This is because the latest information is published on the network first, while periodicals are published weeks or even months later." Qian is also a chief designer with the Zhongguancun network in Beijing, so far the most advanced local area network in China, which links dozens of CAS institutes and the universities of Beijing and Qinghua.

First user: The Institute of High Energy Physics at CAS was the first Chinese organization to gain access to the Internet. IHEP gained partial access in 1988 with a 4.8kbps line, which it needed to work with the European Centre on Nuclear Research—whose European Laboratory for Particle Physics developed the WWW.

In October 1991, a 64kbps line was set up to link IHEP with an AT&T satellite. This enabled Chinese scientists to log on to supercomputers in the US to conduct their research projects. The IHEP host was the first to have full access to the Internet when the US fully extended the service to China in May last year. An official presence was established when the National Computing and Networking Facility of China also subscribed.

Chinese scientists are the most frequent users. More than 400 top Chinese scientists have Internet E-mail addresses and many log on to the system daily. Many government bodies are also showing an interest in the service. The State Education Commission is setting up a network to link more than 1,000 universities nationwide by 2000.

Military & Public Security

Jiang Asks PLA To Curb Taiwan Independence Movement

HK0707062295 Hong Kong SOUTH CHINA MORNING POST in English 7 Jul 95 p 10

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] President Jiang Zemin has asked the People's Liberation Army (PLA) to prepare to deal with the growth of the pro-independence movement in Taiwan.

Sources close to the PLA said Mr Jiang had given at least two talks in the past month to the top brass about Beijing's deteriorating relationship with Taipei.

Some of the remarks by Mr Jiang, who also chairs the Central Military Commission, are being disseminated among mid and senior-ranking military officers in the form of a document.

"The Taiwan independence movement is getting out of hand and we cannot let this go on," Mr Jiang reportedly said. "We must heighten our guard and strengthen our resources and combat-readiness to curb (the movement)." The President pledged more economic resources to expedite military modernisation.

It is understood, however, that Mr Jiang did not give any specific recommendations on what the PLA should do to solve the Taiwan problem.

Military sources said that in spite of recent rhetoric in the official media about China being ready to use "blood and lives" to defend its territorial integrity most of the top brass did not recommend a military solution at this point. They said, however, that Mr Jiang had to contend with the growing number of hawks among PLA officers who thought that the administration of President Lee Teng-hui should be "taught a lesson".

Among the hawks were young officers who were eager to advance their careers and build a national reputation through distinguishing themselves in combat. Under Mr Jiang's direction, the military commission has, since late 1992, speeded up the rejuvenation process among the PLA's senior echelons.

Western military analysts said the chances of Beijing taking some form of a "military option" against Taiwan might increase after the death of ailing patriarch Deng Xiaoping. They said that to boost his standing as the next "helmsman," Mr Jiang might contemplate dramatic action for the popular cause of national reunification. One analyst said: "Soon after gaining supremacy in the Communist Party, Deng Xiaoping launched a military campaign against Vietnam to establish his credentials as a worthy successor to Mao Zedong."

Meanwhile, Beijing acknowledged for the first time yesterday that the PLA had conducted war games, codenamed East Sea No 5, off Zhejiang province.

Foreign Ministry spokesman Shen Guofang said the exercise, which began last Friday, was not aimed at provoking Taiwan. He said: "It is quite proper for the Chinese military to conduct regular military exercises, as it is for any country."

The mainland's media said the PLA had undertaken three other relatively small-scale exercises along the southeastern coast.

Jiang Zemin Visits Military Units During Tour

*HK0707072095 Beijing JIEFANGJUN BAO
in Chinese 29 Jun 95 p 1*

[27 Jun dispatch from Changchun by reporter Wang Wenjie (3769 2429 2638): "When Meeting Cadres at and Above the Division Level of Troops Stationed in North China, CMC Chairman Jiang Zemin Emphasizes That the Key To Actually Strengthening Ideological, Political Building Lies in Leadership's Setting an Example"]

[FBIS Translated Text] The key to actually strengthening ideological and political building lies in leading cadres at all levels setting an example. This is an idea that Jiang Zemin, CPC Central Committee general secretary and Central Military Commission (CMC) chairman, stressed repeatedly when meeting with officers at and above the division level among the ground, naval, and air forces stationed in Liaoning, Jilin, and Heilongjiang.

While in northeast China to investigate economic work 16-27 June, CMC Chairman Jiang, accompanied by Deputy Chief of General Staff Li Jing and Shenyang Military Region Commander Wang Ke, inspected the troops stationed locally. Chairman Jiang first met with all cadres at and above the division level in the Shenyang Military Region who were attending the training course in campaigns. While in Shenyang, Harbin, Moudanjiang, Yanji, Jilin, and Changchun, Chairman Jiang also met with cadres at and above the division level from locally stationed ground, naval, and air forces.

Defying fatigue, Chairman Jiang went down to companies to call on officers and men. On 17 June, the chairman came to the Changhua Company of the Shenyang Military Region; visited the company's engine room, kitchen, dormitory, honor room [rong yu shi 2837 6235 1358], and library; and had a conversation and lunch with female soldiers. On 23 June, Chairman Jiang drove four hours to visit the border company of a certain military unit under the Jilin Military District. Braving the rain, he mounted lookout towers to visit officers and men mounting guard along the motherland's border. He shook hands with them one by one and inquired about their well-being. At midday, he had lunch at the same table with officers and men in the company's canteen.

While meeting with cadres at and above the division level, Chairman Jiang pointed out that in strengthening

ideological and political building, what matters is to do the job in a down-to-earth manner. Like the military work in other fields, the key to strengthening ideological and political building lies in taking effective measures to achieve results. If no effective measures are taken, more meetings, more speeches, and more documents will be good for nothing. He said: We cannot hope to strengthen ideological and political building, and to resist the corrosive influence of bourgeois culture and ideology by making a speech or two, or by having a discussion or two. That is far from enough. Instead, we must guide officers and men with what is correct, and must restrain them and resist what is mistaken by tightening discipline, rules, and regulations.

Chairman Jiang stressed the need for leading cadres to set an example in ideological and political building. The example set by a leading cadre serves as a mute order to his subordinates. Ordinary party members and grassroots officers and men always judge leading cadres by their words and deeds. Leading cadres must securely acquire the aim of serving the people heart and soul, as well as a correct outlook on life and the world. They must solve the problem of who they serve and on who's behalf they exercise power; tell the truth; and emphasize practical work for practical results. Only in this way can they make their ideological and political education for the great numbers of officers and men more convincing.

Chairman Jiang ardently hoped that cadres at all levels would keep themselves free from corruption, and would work selflessly in the public interest. He said: We must never make light of the danger brought about by the corruption committed by a few people within the party and in society. The collapse of a 1,000-li dyke begins with an ant-hole. It is essential to guard against gradually creeping corruption and to recognize the whole through observation of the part. If we were to allow a few corrupt elements to go unpunished, the cause of the party and the people would be ruined. He hoped comrades in the Army would acquit themselves better in combating corruption. High-ranking leading cadres, in particular, should take a firm stand on this matter of life and death. Their conduct should be good, and they should take the initiative in resisting corrupt bourgeois ideology. In addition, they should take good care of the units and departments under them, and should never allow corruption to run rampant. They should do a good job in army building so as to make the party and the people feel relieved.

Chairman Jiang particularly stressed the need for cadres at all levels to foster devotion to the cause of revolution, as well as a strong sense of responsibility. He said: We have to display dedication in whatever we do. If we do not work unswervingly and untiringly, we will

achieve hardly anything in army building. He hoped that leading cadres at all levels would be clearly aware of the herculean task entrusted to them by the times, develop a sense of urgency, always think of the arduous task on their shoulders, work conscientiously and diligently, go in for rigorous training, improve management, and do a good job in updating the Army in order to greet the 21st century with a entirely new outlook, a perfect mastery of combat skills, and achievements in all fields.

While in the three provinces in northeast China, Chairman Jiang also met with cadres at and above the regimental level from the armed police forces.

People's Air Defense Meeting Held in Lhasa

*OW0707042895 Lhasa Tibet Television Network
in Mandarin 1200 GMT 23 Jun 95*

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Text] [Video shows wide shot of a meeting of about 30 people, closeups of Gyamco speaking and medium shots of some of the attendees] A forum of the Chengdu Military Region on formulation of the people's air defense policy and regulations, together with a briefing on the Ninth Five-Year Plan for the people's air defense work, opened in Lhasa on the morning of 22 June. Gyamco, executive vice chairman of the Tibet Autonomous Regional Government and vice chairman of the People's Air Defense Committee of the Chengdu Military Region, attended the meeting. He first thanked the relevant departments at various levels for providing energetic support and assistance to Tibet's people's air defense work.

Gyamco said: The people's air defense work has a bearing on the development, stability, and security of a region or a country. Since Tibet is at the front of the antisplittist struggle, certain foreign hostile forces are actively supporting the Dalai clique's activities of splitting the motherland and are bent on subjugating us. For this reason, the people's air defense work has become even more important.

Gyamco emphasized: We should be prepared for danger in time of peace and know the strategic importance of the people's air defense work. Rapid progress has been made in the people's air defense work in Tibet, but it is still far from being able to meet the changing situation. The people's air defense department should make persistent efforts to ensure a smooth implementation of Tibet's Ninth Five-Year Plan for the people's air defense work.

Dong Guishan, deputy commander of the Tibet Military District, attended the meeting. During the five-day

meeting, the responsible comrades of the people's air defense committees of the Chengdu Military Region and nine provinces and cities, including Yunnan, Guizhou, and Sichuan, will exchange experience in the formula-

tion of people's air defense policies and regulations, and report and discuss the Ninth Five-Year Plans of the people's air defense offices of various provinces and cities.

General**Li Lanqing Urges More Management of State Sector***HK0707082595 Beijing CHINA DAILY in English
6 Jul 95 p 1*

[CD News: "Watchdogs Urged To Focus on 'Big Market'"]

[FBIS Transcribed Text] Chinese Vice-Premier Li Lanqing has urged the country's industrial and commercial administrators to renew their efforts to improve the management of the country's domestic market.

Central and local industrial and commercial administrations should switch their focus from inspecting small free markets, private traders and peddlars to "the big market of the socialist economy," Li said in Beijing Tuesday. He was at a national conference attended by directors of local administrations for industry and commerce.

Yesterday's Beijing-based Economic Daily urged industrial and commercial administrations to help manage labour, securities and real estate markets and supervise their access and operations.

The newspaper recommended that they also concentrate on cracking down on fake and poor quality products, smuggling, frauds and unfair market competition.

They also should co-operate with other government departments in combating pornography, illegal publications and narcotics.

Li asked industrial and commercial administrations to separate themselves from various companies or markets which they set up in the past. This move is aimed at creating a fair and orderly market climate.

Li said that these agencies can not be both "referee" and "sportsman."

Meanwhile, Gan Guoping, Deputy Director of the State Administration for Industry and Commerce, told the conference that in the first four months of this year, industrial and commercial administration officers uncovered 50,177 cases of economic irregularities.

These included 772 cases involving unfair and unethical competition, 1,659 cases of smuggling, and 22,000 cases concerning production and marketing of fake and poor quality products.

Officers have confiscated a total of 220 million yuan (\$26.5 million) in illicit proceeds.

Minister Addresses Transportation Conference*OW0607134395 Beijing XINHUA in English
1039 GMT 6 Jul 95*

[FBIS Transcribed Text] Hangzhou, July 6 (XINHUA) — China has determined to promote its land transportation system in line with the market-oriented economy.

Huang Zhendong, minister of communications, said this at a national conference on developing land transportation held in Hangzhou Tuesday [4 July], capital city of east China's Zhejiang Province.

He said that China is to open its land transportation market to overseas investments and introduce advanced transportation equipment and management system.

And state-owned land transportation firms are encouraged to compete in international markets so as to bring China's land transportation system up to international standard, he said.

Land transportation firms should also strengthen the cooperation with neighboring countries and regions to increase direct crossing border transportation.

China has encouraged transportation cooperation between different departments, regions and sectors, as well as state-owned firms, collective-owned firms and individuals, since 1978 when the country implemented reform and opening-up policy.

So far, the country has built a national land transportation network, linking cities with counties and towns, to handle tourism and goods.

China had a net increase of eight million transportation vehicles in 1994 compared with in 1978. And over the past 16 years, the country's passenger and goods handling volume increased 5.4 times and 1.4 times, respectively.

By the end of last year, China had a total of 19,615 passenger transport stations and 3,569 goods transport stations.

Some big national and regional transport markets, combining the service of vehicle repairing and goods storage, have been also built across the country.

Publication Sees Prospects for Real Estate*OW0707074195 Beijing XINHUA in English
0723 GMT 7 Jul 95*

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — Although a latecomer in China's economy, the real estate sector enjoys bright prospects, according to today's "Economic Information Daily".

The paper predicted that the sector will steadily increase its ratio in China's gross domestic product (GDP) — the value of goods and services produced.

Government departments have decided to introduce an index system for measuring the output value of the real estate sector, and include the value in China's GDP in 1995.

"Before 2000 the real estate sector is expected to match the building industry in terms of output value and contribute three to five percent to China's GDP," the paper said.

The output value of the sector is targeted to double that of the building and contribute roughly 10 percent to China's GDP before 2020, it added.

It expressed the belief that the real estate tax will certainly become a major source of government financial revenue with the reform of the housing and land-use systems.

It is necessary to invigorate the real estate sector from the point of view of a commodity economy, the paper said.

It estimated the value of real estate in cities at 4,000 billion yuan.

If five to ten percent of this value is traded a year, the annual turnover will come to 200 billion to 400 billion yuan. "Once that situation becomes a reality, the whole real estate sector will help propel China's economic growth," it said.

Over 20 years government departments plan to smooth out relationships between the real estate sector and the banking industry in order to create a mature real estate fund market.

The paper noted that the use of foreign funds to expand the real estate sector is a long-term policy for the reform and opening up efforts.

Rural Firms Urged To Be More Competitive

HK0707004895 Beijing CHINA DAILY in English
5 Jul 95 p 2

[Chen Chunmei: "Rural Firms Need To Be Competitive To Survive"]

[FBIS Transcribed Text] China's rural enterprises should focus on promoting economic proficiency, improving the calibre of workers and upgrading product quality to make themselves more competitive in the world market, a leading Chinese official said yesterday.

State Councillor Chen Junsheng, speaking at the National Working Conference on the Exportation of Rural Enterprises, said such enterprises' first concern should

be to bring their quality standards in line with those in urban areas.

"The low proficiency (of rural enterprises) has become a general problem facing most enterprises," Chen said.

He urged rural enterprises to learn from developed countries in improving their management and setting up a modern enterprise system.

The two-day conference, which opened yesterday in Beijing, is aimed at tackling the problems with exporting products made by rural enterprises and mapping out a development scheme for the Ninth Five-year Plan (1996-2000).

Competitiveness

To enhance their competitiveness, rural enterprises should produce more high-tech, value-added and name-brand products, Chen said.

To do this, all rural enterprises, especially export-oriented ones, should strengthen their personnel training and introduce more advanced technology and equipment from home and abroad, he said.

He encouraged the development of an optimum-scaled economy through the development of foreign trade industry bases and export-oriented consortiums.

Rural enterprises, backbone of the national economy, are expected to produce 1,250 billion yuan (\$152 billion) worth of export goods—half the country's total export value—by the year 2000, Minister of Agriculture Liu Jiang said at the conference.

An annual increase of 25 per cent is expected over the next five years, Liu said.

Investment

He also called on rural enterprises to help improve the investment environment to attract more funds from home and abroad.

The Ministry of Agriculture is encouraging more rural enterprises to set up enterprises abroad, said Liu. Most of the 886 such ventures, with investments totalling \$2.56 billion, are in good operation, he said.

But rural enterprises face problems with their development, he said.

The soaring exchange rate of the renminbi, financial shortages, poor operations, shortages of talented personnel, poor flexibility and narrow information channels are all obstacles to development and should not be neglected, Liu said.

Last year, rural enterprises provided 339.8 billion yuan (\$41 billion) in export goods, one-third of China's total exports.

Rural enterprises produce much of the country's clothing, handicrafts, light-industry products, textiles and electrical appliances for export.

China has about 20 million rural enterprises, 130,000 of which produce for foreign markets. Some 320 have been allowed by the government to handle imports and exports themselves.

***Prospects Examined for Containing Inflation**

95CE0449A Beijing JINGJI RIBAO in Chinese
28 May 95 p 1

[Article by correspondent Chen Zengjun (7115 1073 6511): "Can the 15 Percent Goal Be Realized?"]

[FBIS Translated Text] People have been generally concerned about prices since 1994. Controlling the extent of inflation may be considered the focus of people's concern. A review of prices during the first four months of 1995, and further analysis of the factors that help or hurt in establishing controls over inflation must be said to be of very great significance for better reining in price levels during the coming several months if we are to attain the goal of holding to the 15 percent goal of the rise in commodity retail prices throughout society for the entire year.

Several days ago, economist Qiu Xiaohua [6726 2556 5478] of the Bureau of State Statistics shared some of his thoughts about current pricing problems with this correspondent.

He believes that there are both favorable and unfavorable factors for regulating and controlling prices today. The favorable factors are manifested largely as follows:

First, the effect of some of the factors of a policy nature that triggered inflation in 1994 had less of a bearing on the rise in prices during 1995. Tax system reform, the merging of exchange rates, and reform of the civil service system had a substantial affect on the rise in prices during 1994, but they have virtually no effect in 1995. In other words, their effect is largely spent. The grain price reforms inaugurated in June 1994 played no small role in driving up prices during the second half of 1994, and they will continue to exert a certain amount of pressure, although have now certainly decreased.

Second, government policy signals are extraordinarily clear. In 1995, the government has made holding down inflation and slowing the degree of price increase an important part of economic work for the entire year. Macroeconomically, government has instituted

a moderately tight monetary and fiscal policy. This has helped unify understanding. It has held down excessive growth throughout society of all sorts of largely investment fueled demands, thereby reducing inflation caused by currency and investment factors.

Third, during 1995, government at all levels has strengthened control over markets and prices. In particular, it has cracked down harder on abnormalities that spur a wild rise in prices, that force them up artificially, along with exorbitant profits. These controls have been effective in reducing the aggravation that such inflationary abnormalities bring to the market place.

Fourth, generally speaking, market supply and demand today are pretty much in balance. Right now, the supply of industrial consumer goods is greater than demand, or supply and demand are even. It is mostly agricultural products such as grain, sugar, edible oil, and cotton that are in somewhat short supply, but here too supply is short rather than completely lacking. Reportedly, the peasants have quite a bit of saleable grain on hand. Once the signals are right, the relationship of supply to demand can improve further. Therefore, so long as market consumption is normal, and nothing unusual occurs, no scarcity of supply will take place in 1995. This is favorable for the stabilization of current prices.

Recently the authorities concerned organized a survey of the country's principal cities, which showed that 60 percent of the residents intend to continue to increase their savings, and that most believe that the peak period for price increases has passed. This shows that people's expectations about the inflation rate are also normal. This helps to stabilize current prices.

In addition, the spur to prices caused by too high an investment ratio and too much chaos in the financial order over the past several years has largely abated. This is a favorable factor for controlling inflation during 1995.

Among the unfavorable factors for realizing price regulation and control goals during 1995, most noteworthy is the substantial drag on production by the high rate of inflation during 1994, which has provided relatively little opportunity or space for regulating and controlling prices in 1995. It is estimated that the high rise in prices during 1994 exerts between a 9 and 10 percent lag effect on prices in 1995. The actual space left for regulation and control in 1995 is thus only around 5 percent.

Second, food leads the current inflationary rise in prices. Since food consumption is relatively steady, the downturn in the extent of its rise in price is also relatively slow. In addition, since food consumption is

also seasonal, the downturn in prices is also cyclical. Between January and April, the price of food rose more than 30 percent showing that the difficulty in controlling food prices is substantial. For the year as a whole, if agriculture, particularly the summer grain harvest, is ideal, the downturn in food prices will be somewhat easier; thus, prospects for realizing the goals for the year will also be more favorable.

Finally, price movements between January and April suggest little cause for optimism about the goals for the year. Even though prices showed a downturn between January and April, the downturn was fairly slow. Estimates say that realization of the goal of holding the rise in commodity retail prices within 15 percent will require an average monthly 1.3 percentage downturn in the rise in prices over the previous month. At this rate, by June, the rise in prices will have to fall to 15 percent; by December, a downturn to within 8 percent will be required. This is the only way that the goal for the year can be realized. For the first four months of the year, the rise in prices has fallen to 5.2 percentage points. (In December 1994, prices rose 23.2 percent; in April 1995, they rose 18 percent). An average 1.3 percentage point downturn per month approaches price goal regulation and control requirements. However, the actual situation is by no means even. The average downturn during the past three months was 1.07 percentage points, falling short of the 1.3 percentage points needed.

A look at pressures currently affecting inflation shows a 22.1 percent rise in the marketing costs of industrial enterprises between January and April, and money losses by quite a few enterprises. Wages are still rising. These factors have propelled a rise in enterprise costs. They are pressures causing the rise in prices. At the same time, the impact of inflation in some places has been fairly strong. In particular, prices of quite a few services have been raised. Furthermore, problems with the market commodity circulation order remain fairly glaring. All of these factors are unfavorable for realization of price goals in 1995.

Qiu Xiaohua believes that realization of 1995's price goals requires turning the favorable factors to full advantage, holding down unfavorable factors, and making sure that State Council measures pertaining to the control of prices are carried out. Right now, most important is improving agriculture to increase market supply. Most important right now is holding down the rise in prices of agricultural means of production, making all preparations to fight natural disasters, and keeping open channels for the circulation of agricultural products to protect peasant interest in production. Second is continued maintenance of a moderately tight macroeconomic regulation and control policy, particularly increasing con-

trol over starting new projects to prevent more investment inflation. Third is to improve enterprise economic returns. Poor returns and widespread losses ultimately show up as inflationary factors. Fourth is stronger control. Close attention must be given to the inauguration of price adjustment measures. The market order must be more strongly controlled. If all measures are carried out properly, prospects are great for realizing the 15 percent price control goal.

***Article Sees Slow Growth, Continued Inflation**

95CE0450A Beijing ZHONGGUO WUZI BAO
in Chinese 21 May 95 p 2

[Article by Xu Hongyuan (1776 1347 3293): "Economic Growth Slows, but Inflationary Pressure Remains"]

[FBIS Translated Text] The national economy performed very well in the first quarter. The economic growth rate moderated steadily, edging closer to the target of 8 to 9 percent set by the central government at the beginning of the year. Agricultural output held steady while industrial output slowed down notably even as the rate of growth remained strong. Aggregate social demand was brought under control. Consumption demand was stable and investment growth continued to slacken its pace. Household incomes rose in a sustained manner. Among the more outstanding problems in economic life today are the following: Owing to the synergistic effects of a mix of factors, inflationary pressures have not eased their grip appreciably and the overall price level remains high. It will be a struggle to pull off a soft landing for the year as a whole.

I. Assessment of Current Economic Situation.

1. Economic growth and aggregate supply. The GDP rose 11.2 percent (after adjustment for inflation) in the first quarter of 1995, significantly down from the 12.4 percent recorded in the first quarter of 1994. After adjusting for the relatively modest seasonal factor attributable to the increase in agricultural output, the quarterly increase of 11.2 percent is equivalent to an annual increase of 10 percent, which is fairly close to the macroeconomic regulatory and control target of 8 or 9 percent. Industrial output still gained a robust 14.4 percent in the first quarter, which, however, represents a notable slowdown from the past. The sales of industrial products rose vigorously over the corresponding period a year ago. Industrial output by collective enterprises, private enterprises, and Sino-foreign joint ventures continued to race ahead. Output by state enterprises rebounded, narrowing its gap with nonstate enterprises. The supply of energy and raw materials has been ample, notably improving their elastic relations with economic growth. Among the

commodities in acute short supply are grains, cooking oils, pork, and a number of key agricultural raw materials.

According to preliminary estimates, the GDP will increase 10.8 percent in the second quarter from the same period a year ago. Specifically, industry will gain 15.5 percent or so, primarily a reflection of the relatively low base numbers in the second quarter of 1994. The GDP and industry are projected to increase 11 and 15 percent, respectively, in the first half of the year compared with the first half of 1994.

2. Investment, consumption, and aggregate demand. With investment demand continuing to lose steam and consumption demand rising at a measured pace, net exports demand has risen sharply. The central bank adjusted upward the interest rates on fixed assets loans by an appropriate margin starting 1 January this year, which sent a clear message to the market that the central government would continue to rein in the scale of fixed assets investment. Completed fixed assets investment in all society rose 24.5 percent in the first quarter from the level in the same period a year ago (with the actual volume of work rising 12.8 percent after adjustment for inflation). Savings deposits climbed by a wide margin, a sign of confidence on the part of consumers. At the same time, we should see that the shortfall in domestic effective demand (relative to the high savings rate) has led to a net outflow of capital goods. According to customs statistics, China's trade surplus stood at \$7.087 billion in the first quarter, more than that for all of 1994.

Completed fixed assets investment in all society is projected to total 558.6 billion yuan during the first half of the year, up 24 percent from the same period a year ago (or 12.5 percent after adjustment for inflation). Social consumer goods retail sales are expected to total 928.6 billion yuan, up 29.2 percent from the same period last year (or 8.4 percent after adjustment for inflation); per capita cash income in urban areas, up 28 percent (the effective rate being 7.6 percent); and per capita income in rural areas, up 32 percent (the effective rate being 10.5 percent). The strong gain in peasant incomes is the result of the sharp hikes in the prices of agricultural by-products introduced since June 1994.

3. Price level. China's social commodity retail price index and its overall household consumer price index rose 21.7 percent and 24.1 percent, respectively, in 1994, the steepest increases since reform got under way and the open policy was introduced. Both indices moderated their surge in the first quarter of this year, climbing 19.9 percent and 22.6 percent, respectively. But a look at month-to-month increases reveals a different picture. The retail price index rose 3 percent and 1.8

percent in January and February, respectively, and the commodity retail price level was essentially unchanged in March compared with February. That the price level held steady in March was primarily a function of administrative actions. By late March prices had risen 4.9 percent from the level at the end of last year, which translates into an annual rate of 21.4 percent. This shows that inflationary pressures are still very strong. The national commodity retail price index and the overall household consumer price index are projected to rise 19 percent and 21.2 percent, respectively, in the second quarter compared with increases of 19.5 percent and 22 percent, respectively, in the first.

II. Outstanding Problems in Economic Life To Date

1. Inflationary pressures have not eased appreciably and another surge in commodity prices is always a possibility. Price increases in the first quarter of this year retreated somewhat from those in the same period a year ago mainly because the numbers were so high back in 1994. Since March last year, the government has taken a string of anti-inflationary measures, markedly moderating the price-increase momentum in the second quarter when retail prices rose less than 1 percent each month compared with the preceding month. Given these low base numbers, it would be difficult to see a major drop in price increases in the second quarter this year. Turning to inflationary leaders, the sharp increases in the prices of agricultural byproducts led by grains are the principal reason preventing a decline in the price index. The gain in the national retail price index in January and February this year was off 2 and 1.5 percentage points compared with the same 2 months in 1994. During the same period, however, grain retail prices skyrocketed from the already elevated levels in January and February a year ago. Since June last year, prices of agricultural capital goods have been climbing at an accelerated pace month after month, soaring 28.5 percent, 30.6 percent, and 31.9 percent in January, February, and March, respectively, this year compared with the corresponding months in 1994, markedly slowing the retreat in the commodity retail price level. The surge in grain prices had much to do with the psychological expectations of both business and consumers in the wake of the decline in agricultural output last year. Grain prices will remain stubbornly high before the summer grain crops make their way onto the market and the inflationary momentum of agricultural capital goods will remain undiminished through July.

There are complex reasons behind the latest round of inflation. First of all, there is the imbalance between supply and demand. The rate of increase of the money supply broadly defined (M2) has consistently outpaced

the GDP's nominal growth rate, generating long-term inflationary pressure. In 1994 M2 expanded 34.4 percent nominally, or 17.2 percent effectively after adjusted for inflation, 5.4 percentage points higher than the GDP's actual growth rate. Second, there were also sharp structural imbalances. What with falling profitability and under-investment, agriculture has been lagging, unable to keep up with the fast expansion of the secondary and tertiary sectors. The dual structure also was beset with imbalances. Within industry itself, the development of basic industries such as energy and raw materials has fallen behind and cannot support the robust growth of the processing industry. Third, inflation is the price we must pay for transforming the economic system and adjusting prices. Of these three price-boosting factors, the third factor has a one-time effect whereas the effects of the first two factors are long-term. At a time when the household marginal savings tendency is rising steadily, a significant portion of the potential inflationary pressure generated by a fast-expanding money supply broadly defined will remain dormant, which leaves the second factor, particularly the supply capability of agriculture, the principal determinant of the price trend in the second half of this year. Assuming good summer and fall crops, price increases will soften visibly after July and the macroeconomic regulatory and control target of limiting the rate of price increases to 15 percent or so will definitely be within reach.

2. Rising revenue accompanied by rising expenditures. The amount of money in circulation expanded and contracted sharply. The sustained and rapid expansion of the money supply was broadly defined. If these trends continued, they would militate against an economic soft-landing. Government spending nationwide, already up 25.4 percent in 1994 from the level a year ago, rose another 28.5 percent in the first quarter of this year compared with the same period last year, which is at odds with the fiscal retrenchment policy for 1995. Amid this overall expansion, the pattern of spending itself was less than rational. Administrative expenses and price subsidy spending jumped 29.7 percent and 277 percent, respectively, in the first quarter. During the same period, however, capital construction spending fell 10.2 percent from the corresponding period a year ago.

Because of the Spring Festival, a record amount of money was pumped into circulation last January, with the result that it is still an important job even now to accelerate the withdrawal of money from circulation. The amount of state bonds issued doubled in the second quarter compared with that in the same quarter of 1994. Continuing a fast-growth pattern, household savings deposits rose 222.7 billion yuan in the second quarter, 36.6 billion yuan more than a year ago.

The sharp increase in government spending was in part a delayed effect of the wage reforms introduced last year by administrative organs, enterprises, and institutions at all levels, the first of which went into effect at the beginning of this year. But the main reason was the widespread lack of budgetary discipline at all levels of government. The implementation of the new tax system has succeeded in boosting government revenue appreciably. Armed with additional revenue, many localities find it hard to think about "belt-tightening" and have become highly wasteful in the way they spend funds. The primary reason behind the ballooning money supply is an increase in foreign exchange at the disposal of the state, leading to a sharp rise in the central bank's foreign exchange loans. The current exchange settlement system has built a bridge between the basic currency and the money supply. It is the government's monetary policy to tighten the money supply. The actual results of that policy, however, are a far cry from its goal.

3. The unbalanced increases in imports and exports do nothing to help dampen inflation, either at the supply side or at the demand side. Suppose domestic demand and supply are in a state of balance. Suppose also foreign trade is in a state of balance with neither a trade surplus nor a trade deficit. The first balance will not be upset by the second balance. However, if domestic supply falls short of domestic demand, and there is also a surfeit of imports of the same kinds of commodities in demand at home, a balance between aggregate supply and demand will eventually reestablish itself. On the other hand, if a trade surplus occurs at this point, the gap between aggregate supply and aggregate demand will widen. At a time when inflation remains stubbornly high, an excessive trade surplus clearly will do nothing to help balance aggregate supply with aggregate demand. Exports growth in the second quarter is expected to slacken from the pace in the first quarter but exports overall are still expected to rise faster than imports. For the first half of this year imports are expected to reach \$57.5 billion, up 17 percent, while exports will jump 35.5 percent to hit \$65.6 billion. The situation since last year makes it clear that between them the trade surplus and the inflow of foreign capital consistently drove up the money supply and the exchange rates more than anything else and were the primary culprits behind inflation. After foreign trade enterprises are done with exchange settlement and turn it over to the central bank, the income derived from exchange settlement is directly converted into money in the enterprises' renminbi accounts, enhancing their ability to make payments internally and their purchasing power. Meanwhile, the ever rising foreign exchange reserves at the disposal of the central bank are not being used at a corresponding rate to pay for more imports

to increase the effective supply at home. This chain of events does nothing to help bring down inflation. Assuming that foreign exchange reserves are maintained at a proper level, we should now increase as appropriate the imports of grains, cotton, crude oil, timber, some nonferrous metals, and other basic products and raw materials, at the same time cutting back on their exports, in order to close the supply-demand gap at home and hold down price increases.

Note that in times of economic adjustment, it is both necessary and effective to resort to administrative tools as well as economic and legal tools to regulate as appropriate the overall size of the economy, its structure, and the conduct of all participants in economic activities in a timely way. This is true even in mature market economies. Do not blindly dismiss the use of all administrative tools as a retreat from reform. For instance, consideration should be given to introducing a quota system for exchange settlement and selling, tightening budgetary discipline, and imposing price ceilings on basic daily necessities to sever the linkage between wage increases and price spirals.

Finance & Banking

Treasury Bond Law To Be Submitted to NPC

OW0607145895 Beijing XINHUA in English
1339 GMT 6 Jul 95

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — A law on treasury bonds is expected to be submitted to the Standing Committee of the National People's Congress next year for deliberation, according to the "Financial Times".

In February, two departments of the Ministry of Finance began drafting the law, which will cover the issuing, circulation, transfer and redeeming of treasury bonds; and the management of bond trading, business in investment funds, and the operation of intermediary organizations.

Officials with the Ministry of Finance pointed out that it is necessary to speed up the drafting of the law because, over the next few years, China's treasury bond market will grow substantially, making up a large proportion of the stock market's business.

In the meantime, because the bonds are issued to Chinese citizens, as well as to foreign investors, it is imperative that a law facilitating the opening of more channels for floating bonds be enacted.

The officials also cited the close connection between the trade in treasury bonds and the central bank's open market operations as another reason for drafting the law.

Hong Kong, Shanghai Bank To Set Up Beijing Branch

OW0707063995 Beijing XINHUA in English
0623 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — The Hong Kong and Shanghai Banking Corporation (HSBC) has received approval of the People's Bank of China to set up a branch here, reported today's "China Securities".

With the branch, the HSBC, a Hong Kong-headquartered leading international banking group, will be able to offer comprehensive services for its clients and raise more funds for projects in China, a senior bank official said.

With branches in Shanghai, Shenzhen, Xiamen, Qingdao and Tianjin, and representative offices in Guangzhou, Dalian and Wuhan, the HSBC has provided loans for about 2,000 projects in China since 1979.

Last month, the Bank of Tokyo became the first foreign bank to establish a branch in the Chinese capital.

Two or three more foreign banks will be allowed to open branches here within this year, according to official sources.

Foreign financial institutions have been swarming to China to launch affiliates. Last year China approved 16 foreign bank branches, a foreign-funded bank, a Sino-foreign finance company and an insurance company branch. And 102 representative offices of overseas financial institutions were allowed to be set up.

By 1994, 101 foreign-funded banks, bank branches and finance companies started operations, with 11.8 billion US dollars in total assets value, 55.6 percent more than in 1993.

The central bank has selected ten cities where foreign institutions will be allowed to set up offices: Beijing, Shenyang, Shijiazhuang, Xian, Hefei, Hangzhou, Suzhou, Wuhan, Chongqing and Chengdu.

Shenzhen Branch Reforms Credit Risk Management

HK0707082195 Hong Kong HONGKONG
STANDARD (FINANCIAL REVIEW) in English
7 Jul 95 p 1

[By Peter Chan in Shenzhen]

[FBIS Transcribed Text] The Shenzhen branch of the People's Construction Bank of China (PCBC) is taking

its first step towards reforming its credit risk management system, an important move towards commercialisation, a bank official says.

The bank began its reform plan late last month when it set up two specialised committees to look after its asset-liability management and loans administration.

A bank official told the Financial Review that the bank was the first on the mainland to set up such committees. It is believed this will help to ensure the safety, liquidity and efficiency of its funds.

Most banks in China have started to engineer changes in their structure to allow them to run as separate business entities instead of being subsidiaries of the People's Bank of China, the country's central bank. However, he said problems still existed as a result of the banks' loan administration.

For example, credit risk management is absent in most Chinese banks. Credit officers usually lend funds according to how much deposit is left in the bank. The loans approval process is in the hands of the credit officers. But their behaviour is not subject to scrutiny. As a result, bad debts or non-performing loans are quite common in Chinese banks.

At the Shenzhen PCBC, the asset-liability management committee looks after the asset-liability management system of the whole bank, regulating its loan-to-deposit ratio and the risk-profile of its loans. An assessment office under the committee is responsible for assessing the credit rating of the bank's corporate borrowers.

Another loan administration office has been established under the committee to assume the responsibility of the credit officers and supervisors in loan approval and administration. The loans administration committee is responsible for monitoring whether the lending policy of the Shenzhen PCBC is properly implemented. It also sets out detailed conditions under which the loans are made and signs for approval every time the borrower draws down the loan.

The official said this mechanism of management by committees has been practised by major banks in the international banking arena and has proved for years to be very effective in credit risk management. "It enhances the transparency of the process of loan administration and is a manifestation of scientific management," he said. Through implementation of such a mechanism, the official believes that loans made in the future can be governed solely by the credit-worthiness of the borrower and the asset-liability status of the bank. He hopes that loans made through political and bureaucratic connections can be eliminated.

Foreign Trade & Investment

Li Peng Promulgates Customs IPR Regulations

OW0607031095 Beijing XINHUA Domestic Service
in Chinese 0423 GMT 5 Jul 95

[FBIS Translated Text] PRC State Council Decree 179

"The PRC Regulations on Customs Protection of Intellectual Property Rights" is hereby promulgated with effective from 1 October 1995.

Premier Li Peng

5 July 1995

Official Interviewed on Investment Guidelines

OW0607144595 Beijing XINHUA Domestic Service
in Chinese 0828 GMT 4 Jul 95

[By reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 4 Jul (XINHUA) — In an interview with a XINHUA reporter today, a senior official of the State Planning Commission described the "Provisional Regulations on Guiding Foreign Investment" and "Guidelines on the Industrial Catalog for Foreign Investment" as a major policy embodying the party Central Committee and State Council's principle of opening up wider to the outside world.

[XINHUA] Is the scope in which foreign investment is encouraged wider than before?

[Official] Yes. The "provisional regulations" clearly stipulate that agricultural new technologies; comprehensive development of agriculture; construction of energy, communications, and important raw and semifinished materials industries; and eight other areas are areas in which foreign investment projects are encouraged. The "guidelines on the catalog" list 172 items in 18 major areas of industries in which foreign investment projects are encouraged. Of these, listed for the first time under the encouraged category of the "guidelines on the catalog" are: wasteland, barren hill, and polder reclamation and development; key water control project; local railway, city subway and light rail train; highway; civilian airport; thermal power plant, hydroelectric power plant, nuclear power plant, new energy power plant; chemical fertilizer; ethylene and gas and oil pipeline construction and operation; civilian aircraft, aircraft engine, and civilian satellite manufacturing; microelectronics technology, bioengineering technology, and seven other new industries; international economic, scientific, and technological information service; and precision instrument repairs and after-sales service. Thus, the scope of foreign investment is expanded conspicuously.

As for projects that required state overall planning — such as sedans, light vans, motorcycles, automobile engines, thermal power equipment, nuclear power equipment, color television sets, color picture tubes and glass shells, video cameras, VCR's, program-controlled switchboard equipment, trunk railroads, waterway transport, and cross-border motor vehicle transport — they are listed under the restricted category B of the "guidelines on the catalog." This is to say that foreign businessmen may invest in a project if it meets the conditions of state planning and is approved by the state.

[XINHUA] The "provisional regulations" stipulate that "foreign businessmen are allowed to invest in a project which does not fall under the encouraged, restricted, or prohibited category." What does this mean?

[Official] The scope of the "guidelines on the catalog," which embraces all branches of industries, lists only 315 items. Of these, 172 items are in the encouraged category; 38 in the restricted category A; 75 in the restricted category B; and 30 in the prohibited category. Hence, obviously there are still many items which are not listed under the aforesaid categories of the "guidelines on the catalog." According to the "provisional regulations," these are items in which foreign investment is permitted. These items are mostly in competitive trades, in which foreign investment is permitted.

[XINHUA] Have restrictions been lifted in some areas which were previously prohibited to foreign investment?

[Official] In the light of China's economic development and in accordance with the Chinese Government's commitments to foreign countries, some areas which were previously prohibited to foreign investment — such as air transport; general-purpose aviation; retail and wholesale business; materials supply and marketing; foreign trade; banking; insurance; securities; accounting; auditing; legal counseling services; mining, dressing, smelting, and processing of precious metal ores; and prospecting, mining, and processing of precious nonmetallic minerals such as diamonds and other natural gems — are now listed under the restricted category B of the "guidelines on the catalog," in which assimilation of foreign investment will be tried out in a systematic way and within a certain scope.

[XINHUA] Following the implementation of the "provisional regulations" and the "guidelines on the catalog," will foreign investment projects restricted by the state be able to continue to enjoy the preferential policy for foreign investment?

[Official] The "provisional regulations" do not touch upon the current state preferential policy for foreign investors. Therefore, following the promulgation and

implementation of the "provisional regulations" and the "guidelines on the catalog," projects of encouraged, permitted, and restricted categories, which are approved according to the relevant laws and administrative rules and the "provisional regulations," can continue to enjoy the various preferential treatments prescribed in the relevant laws and administrative rules. In addition, to accelerate the recovery of investment, the "provisional regulations" allow big foreign investment projects with a long recovery period involving the construction and operation of energy, transportation, and infrastructural facilities (coal, electric power, local railways, highways, and ports) to expand their operations related to their line once permission is obtained.

[XINHUA] Are there new provisions for attracting foreign investors to the central and western regions?

[Official] To attract foreign investors to the central and western regions to accelerate their economic development, the "provisional regulations" provide that projects which can give play to the central and western regions' advantage in manpower and resources and which conform with the state industrial policy are listed under the encouraged category of foreign investment projects. Restrictions may be relaxed as deemed necessary on foreign investment projects involving technology which has already been developed or imported domestically and whose production capacity has already met the domestic market demand, if such projects can surely give play to the central and western regions' advantage in resources and if such projects conform with state industrial policy.

Officials Deny Mercedes Wins Contract

HK0707062095 Hong Kong EASTERN EXPRESS
in English 7 Jul 95 p 27

[By Agencies]

[FBIS Transcribed Text] Beijing has not made a final decision on selecting a foreign partner for a US\$1bn (about HK\$7.8bn) mini-van venture in southern China.

Media reports said the deal went to Germany in retaliation for Washington's decision to allow the Taiwanese President, Lee Teng-hui, to pay a private visit to the United States last month.

"We have nothing to announce," Liu Guoqi, an official of the Ministry of Machine Building, said. He was echoed by an official with Nanfang Automotive, which has been in talks with Ford Motor, Chrysler and Daimler-Benz.

Beijing has the final say over the partner. "I can confirm we haven't made a final decision," an official in the

General Office of Guangzhou Three Star Enterprise Group, one of the two main arms of Nanfang, said.

Media reports in Hong Kong said Beijing had chosen Daimler-Benz and the Chinese President and Communist Party chief, Jiang Zemin, would sign the deal during a visit to Stuttgart next week.

"It's by no means clear he (Jiang) will sign any agreement," the Nanfang official said. "We are still comparing what all the companies have on offer, whether it meets our needs and the needs of the central government."

The ministry official denied US companies were deliberately being locked out of the market. "We do not have this policy," Liu said. "At least I am not aware of any such policy."

An official at the US-affairs department of China's State Planning Commission said that if there was any new policy, it would be announced in one of China's official publications.

Mercedes-Benz also denied that any deal had been struck. "There has been no decision yet," Karin Malmstrom, a company spokeswoman, said from Hong Kong. "There has been no exact date set when the Chinese government will make a decision."

Malmstrom confirmed that Jiang would make a brief visit to a Mercedes plant to see some China-related work, including a tiny car proposed for Beijing's high-profile "family-car China" project. But nothing would be signed, she said.

"There is some speculation that because Jiang Zemin is going there that there will be some kind of contracts or deal signed. This is not true," Malmstrom said.

US business groups, who have yet to receive widespread complaints about discrimination from members, said China may be trying to signal its displeasure with Lee's visit.

"China has in the past been known to symbolically link business and politics, so there is that concern," Frank Martin, the president of the American Chamber of Commerce in Hong Kong, said.

Over the weekend, Jiang told a visiting delegation that the "US side will have to pay a price" for allowing Lee to visit his alma mater, Cornell University, last month.

"If it was to target American businesses, it would be to send a message that there is no question China is very upset about the Lee visit and to play to its domestic audience," Martin said. "What would worry me is that the retaliation could backfire."

Bureau Focuses on Solving Contract Disputes

HK0707083095 Beijing CHINA DAILY in English
6 Jul 95 p 2

[By Xu Yang: "Harmony Is New Approach for Experts"]

[FBIS Transcribed Text] The State Bureau of Foreign Experts (SBFE) is beefing up efforts to resolve disputes between foreign experts and their Chinese employers.

Officials from the bureau, the country's top administration to oversee the import and management of foreign workers, say both the experts and their employers should respect contracts they sign and abide by Chinese law.

Every year there are about 30 to 40 controversies on the employment contract appealed to the bureau for settlement.

Zhang Xinmin, an official with the Educational and Cultural Experts Department of the Bureau said it represents only part of the problem, and the majority of disputes are settled without need for mediation.

Sometimes, the fault is with the employers who fail to meet the contract terms, such as air tickets into and out of China, pay work load and living conditions.

But some foreign experts demand extra-contract treatment like more holidays and sometimes abandon the job without notice.

China employs around 30,000 foreign experts each year, 30 per cent of whom working for educational and cultural institutes like universities, the press, publishing houses, research institutes and hospitals.

The bureau has experimented asking foreign job seekers to lodge between \$600 and \$900 with their employer to guarantee that they will finish the contract terms.

But many foreigners considered the demand offensive.

"We do not mean to suspect others. It is just an administrative regulation," Zhang explained, claiming the policy reduced the number of foreigners who fled after starting work.

But, he claimed, a major problem now is that many foreign employees dare not confront their bosses for fear they will be sacked.

Zhang added he had received many visits and phone calls from foreign experts, protesting about unfair treatment by their employers.

He pledged: "The Chinese law will not bias against foreign experts and their legal rights and interests are protected."

Zhang added that foreigners should not be afraid to voice complaints.

The bureau set up an arbitration commission last year to handle disputes between managements and experts.

"We have all means to have the Chinese institutes abide by employment contracts and we guarantee that the foreigners will not be maltreated only because he or she complained to the arbitration commission," Zhang promised.

So far, the arbitration has settled 15 cases.

Shanghai Sees Big Increase in UK Investment

*OW0607172795 Beijing XINHUA in English
1532 GMT 6 Jul 95*

[FBIS Transcribed Text] Shanghai, July 6 (XINHUA) — Britain and Japan top the list of countries whose investment in Shanghai, China's biggest city, was increasing in the first half of the year, according to a source at the municipal foreign trade commission.

Statistics show that in the January-June period this year, Britain invested over 600 million US dollars in the city, 2.75 times the amount for that period last year.

Japan invested a total of 720 million US dollars in the same period, 1.32 times the same 1994 period.

Hong Kong, always at the top of the list, invested a total of 1.53 billion US dollars in 568 projects in the first half of the year, leaving it the largest investor in terms of total amount of investment and number of projects.

U.S. Investment increased 67 per cent in the January-June period this year, while Singapore, Germany, the Republic of Korea, and Taiwan also increased their investment to varying degrees.

Statistics compiled by the Shanghai Foreign Trade Commission show that in the first half of the year, 41 countries and regions invested in 1,593 projects with promised capital totalling 4.82 billion US dollars.

A break down of the figures shows that industry remains the main sector in absorbing overseas investment with the number of projects and the amount of capital accounting for 64 per cent and 41 per cent respectively.

Real estate and public utilities remain large users of overseas investment, accounting for 47 per cent of the total figure.

UK Firm Expands Accountant Training Program

*OW0707015395 Beijing XINHUA in English
0122 GMT 7 Jul 95*

[FBIS Transcribed Text] Shanghai, July 7 (XINHUA) — More and more, Chinese are receiving training of-

fered by the London-based Association of Chartered and Certified Accountants (ACCA), a leading international accountant-training organization.

Since 1988, the ACCA has set up six training centers in six leading universities in Dalian, Beijing, Tianjin, Shanghai, Guangzhou, and Shenzhen in China.

The ACCA has provided textbooks and sent experts to teach more than 900 Chinese students of accounting, including 322 in Shanghai alone.

With the approval of China's Ministry of Finance and the Chinese Institute of Certified Public Accountants, ACCA will introduce accountant certification and CDAF, an accounting and finance certified diploma, to China.

ACCA also has plans to broadcast a CDAF program on TV in Shanghai.

Experts said that training Chinese accountants in cooperation with overseas organizations will help China improve its accountant education program along the lines of international standards.

China will need as many as 100,000 certified public accountants by the end of the century, but at present has only 6,000, according to official sources.

Agriculture

Agriculture Minister Addresses Fair Opening

*OW0607094595 Beijing XINHUA in English
0914 GMT 6 Jul 95*

[FBIS Transcribed Text] Beijing, July 6 (XINHUA) — The Third China Township Enterprise Export Commodities Fair opened here today.

Sponsored by the Ministry of Agriculture, the six-day fair covers an area of 5,300 sq m.

At the opening ceremony Minister of Agriculture Liu Jiang said that the fair aims to demonstrate the achievements made by township enterprises, especially export-oriented ones, in the past 16 years and to provide a good chance for export-oriented township enterprises to carry out economic cooperation with foreign partners.

Exhibiting, marketing and trade negotiations will be carried out at the fair, said an official with the organizing commission.

Liu said that the development of export-oriented township enterprises has been "fruitful" in the past few years.

Statistics show that China now has 24.9 million township enterprises, of which 130,000 produce goods for export.

In 1994 the township enterprises achieved an export volume worth 339.8 billion yuan.

Anhui To Increase Grain, Cattle Output

OW0707030695 Beijing XINHUA in English
0225 GMT 7 Jul 95

[FBIS Transcribed Text] Hefei, July 7 (XINHUA) — Two large projects for agricultural and cattle development will cost Fuyang Prefecture, in east China's Anhui Province, some six billion yuan in the coming five years.

The prefecture, a major commodity grain production base, plans to pool two billion yuan to transform 670,000 ha of medium- and low-yielding fields, to ensure sufficient supplies of grain, cotton and oil.

When the project is completed, the prefecture will sell 1.25 billion kg more grain to the state per year, and generate an additional agricultural output value of 3.1 billion yuan annually, increasing the yearly per-capita income for local farmers by 300 yuan.

The prefecture now has 3.02 million head of cattle in stock, and the figure is expected to hit five million within five years. By then, some 1.8 million head of cattle will be marketed yearly, officials said.

By further upgrading breeds, introducing advanced technology and equipment, and boosting the processing sector, the prefecture will earn 30 billion yuan annually from cattle products, with pre-tax profits reaching 1.5 billion yuan, they predicted.

Guangdong Using Foreign Funds in Agriculture

OW0607094695 Beijing XINHUA in English
0849 GMT 6 Jul 95

[FBIS Transcribed Text] Guangzhou, July 6 (XINHUA) — New preferential measures have been worked out in south China's Guangdong Province to guarantee high returns for foreign investment in agriculture.

"Foreign companies investing in farming, forestry, husbandry, fisheries and water-control projects will enjoy more preferential treatment in the province, apart from relevant national favorable policies," said Huang Zhiwei, deputy director of the Provincial Foreign Trade and Economic Commission.

Those companies will have priority for land-use rights with lower prices when they invest in agricultural projects.

Meanwhile, they will be exempt from value-added taxes when selling their products, Huang said.

Further, foreign-funded companies are permitted to sell more of their products on the Chinese market. Companies with foreign investment topping five million

U.S. dollars will be able to sell 50 percent of their products in China.

Since China adopted the reform and opening-up policies in the late 1970s, Guangdong has become a hot province for foreign investment. But most of the money in the past flowed into the service and manufacturing sectors rather than agriculture.

Statistics show that only 850 million U.S. dollars of foreign funds or two percent of the total were used in agriculture in the past 16 years in the province.

"But the fact is that agriculture in the province is ripe for investment," Huang said, adding that a trade fair for inviting foreign investment held in Hong Kong this May proved to be a great success.

Some 900 contracts and agreements with a total investment of five billion U.S. dollars were signed at the fair.

World Bank Delegation Inspects Heilongjiang

SK0607051095 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 5 Jul 95

[FBIS Translated Text] On the evening of 5 July, Vice Governor Ma Guoliang met with all members of the World Bank project preparation and inspection delegation headed by Mr. (Futanpu). The host and the guests held cordial and friendly talks.

The World Bank delegation returned to Harbin after conducting a nearly 20-day inspection of the province's projects in the fields of agriculture, animal husbandry, and the intensive processing of grain.

Entrusted by Governor Tian Fengshan, Vice Governor Ma Guoliang thanked the delegation for conducting investigation in the province and for giving support to the province's rural economic development on behalf of the provincial government. After giving a briefing to the delegation on the province's advantages of agricultural resources, and the development plan of turning the province from a big agricultural province into an agriculturally strong and prosperous province in the next 15 years, Ma Guoliang expressed determination to speed up the preparations for the projects and hoped that the World Bank would support the projects with loans.

(Futanpu), leader of the delegation said: Through this inspection, I have established very good friendly relations with the Chinese colleagues, learned about Heilongjiang Province's projects which need support. He suggested efforts be made to further prepare for the projects, to set high standards for the project design, and to give consideration to improving the living standards of peasants.

(Futanpu) expressed that he would exert efforts along with Heilongjiang Province and make the World Bank issue loans for the projects at an early date.

Shanghai Boosts Agriculture With Foreign Cooperation

*OW0607094795 Beijing XINHUA in English
0835 GMT 6 Jul 95*

[FBIS Transcribed Text] Shanghai, July 6 (XINHUA) — This largest industrial center in China is to invest 60 million yuan (about 7.4 million U.S. dollars) in building five vegetable production bases in the suburbs, introducing advanced techniques from the Netherlands and Israel.

Officials in charge of the city's agriculture said that the project, using 15 ha of greenhouse facilities imported from the two countries, will help increase by 10 times the production per ha, and will provide fresh vegetables for the city in all seasons.

In addition, the suburban areas have also been busily involved in crop-planting and animal husbandry cooperation with foreign agricultural firms.

The Dajiang Company Ltd, a joint venture set up by the Chia Tai Group of Thailand and Songjiang County to raise chickens, has achieved an annual export value of 62.24 million U.S. dollars and total sales value of two billion yuan. It has been selected as one of the country's top-ten joint ventures for three successive years.

Daying Township of Qingpu County has imported a fine breed of duck from Britain which is being widely used by duck raising farmers.

So far, more than 160 joint ventures have been set up in the suburbs of Shanghai, with a total investments of nearly 300 million U.S. dollars.

Local agriculture departments pay attention to the introduction of advanced technology in agriculture.

A large number of fine breeds of livestock have also been introduced from abroad to be raised on the outskirts of the city to meet soaring market demand of the most populous city in China.

East Region

Anhui Secretary on Development Through Industry
HK0707074795 Beijing CHINA DAILY in English
7 Jul 95 p 1

[By Wang Hui: "Hi-tech Key To Anhui's Future"]

[FBIS Transcribed Text] East China's Anhui Province is embarking on a strategic drive to promote economic growth by upgrading scientific research and development.

"We are building a new Anhui through boosting science and technology, in which high-tech industry is to play a leading role in pushing provincial development to a new stage," said Lu Rongjing, Secretary of the Anhui Provincial Committee of the Communist Party of China.

Several industrial products from Anhui have recently come into national prominence. These include Meiling refrigerators, Wyan video cassette players, Swan air conditioners, Rongshida household appliances and GMT Green serial computers.

Provincial and local leaders have been promoting high-tech industry by providing policy guidance, funds and talent.

This help is reflected in the achievements of the Hefei National New and High Technology Industrial Development Zone.

Five years after it was established, the zone ranks as one of top such zones in the country.

By the end of April, it had approved 320 enterprises with a total investment of 3 billion yuan (\$361 million).

Included are 84 joint ventures funded by companies from more than 10 countries and regions, including the United States, Japan, Canada, South Korea and Hong Kong. Foreign investment in the zone totalled \$252 million at the end of 1994.

Last year, the zone produced 1.56 billion yuan (\$188 million) in gross industrial output value and earned \$12.8 million from exports.

By the end of this year, its gross industrial output value is expected to reach 3 billion yuan (\$361 million), fulfilling its original target five years ahead of schedule, according to provincial officials.

The Hefei zone has helped boost the development of similar zones in other parts of the province.

In another national-level economic development zone, located in the Yangtze River port city of Wuhu, high-tech industries account for 20 per cent of the gross industrial output value.

The percentage will rise in the next two years with the introduction of 12 national-level high-tech projects, said Wang Mingzhen, director of the Wuhu zone.

Tang Baochang, director of the administrative committee of the Hefei zone, attributed the zone's achievements to the support of the provincial and city governments.

The provincial and local governments have granted the zones considerable administrative and financial powers.

The zones have the right to approve projects with foreign investment of up to \$30 million.

A development and industrial bank has been set up to handle financial business in Hefei's high-tech development zone.

Overseas investors benefit from favourable provincial policies as well as those set by the State.

The two zones have their own regulations, approved by provincial departments, to protect investors' interests and deal with labour disputes.

Anhui's scientific and technological workforce is among the strongest in the country.

Its 39 institutions of higher learning and more than 300 national-level research institutions provide a strong foundation for the zones.

Jiangsu Closes Firms To Clean Huaihe River

OW0707011995 Beijing XINHUA in English
0111 GMT 7 Jul 95

[FBIS Transcribed Text] Nanjing, July 7 (XINHUA) — East China's Jiangsu Province has closed down seven more businesses that were polluting the Huaihe River, sources say.

The province cancelled 47 projects last year that were causing pollution in a move to purify the river, which runs through the four provinces of Henan, Anhui, Shandong, and Jiangsu.

In the last ten years or so, the river has been severely polluted by industrial waste water and urban sewage.

The seven businesses, mostly paper-making plants, are a major source of revenue for local townships, but the local government was able to close them by overcoming various problems and by showing a strong determination to clean the river, officials said.

The province plans to shut down 17 more polluters, and put comprehensive controls on 39 projects this year, officials added.

Mayor Says SEZs To Keep Preferential Tax Status

HK0707075695 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
7 Jul 95 p 1

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] China's five special economic zones and Pudong will retain their preferential tax status until the end of the decade at least, says Shanghai mayor Xu Kuangdi. The central government said Pudong and the five economic zones of Zhuhai, Shenzhen, Xiamen, Shantou and Hainan would continue to enjoy the privileges granted them, Mr Xu said.

There had earlier been suggestions that the zones' privileges would be phased out because the country needed to increase tax revenue. Except for Pudong, the zones were set up about 15 years ago as part of the country's policy to attract foreign investment and technology. Pudong, formerly 520 sq km of farmland, was established five years ago to spearhead economic development along the Yangtze River delta.

Mr Xu said although real estate investment in Pudong slowed, industrial investments continued to flow in. "Foreign investment in industries in Pudong and Shanghai has not been reduced. Because of the 20 per cent rise in the value of the Japanese yen, there has been an influx of Japanese investments into Pudong." The United States, Shanghai's number one investor for the past 10 years, was overtaken by Japan this year.

Mr Xu said Shanghai would not reduce its labour and land costs to attract investment but would rely on comparative advantages. "We will improve our services to attract investors," he said. "Shanghai has good technological facilities, more direct air links, good port and telecommunications facilities."

Mr Xu said he would like the Shanghai economy to grow by about 12 per cent this year, compared with 14.3 per cent last year. In the first half of the year, it grew 13.4 per cent.

Shanghai Official Interviewed on Drug-Control

OW0707032195 Shanghai People's Radio Network
in Mandarin 2300 GMT 25 Jun 95

[Interview with Zhu Daren, Shanghai Municipal Party Committee Standing Committee member and Shanghai Municipal Public Security Bureau director, by station reporter (Nan Fei) and correspondent (Su Min); place

and date not given; from the "990 Morning News" program — recorded]

[FBIS Translated Text] [Nan] Director Zhu, what are the main characteristics of Shanghai's drug-related crime in recent years?

[Zhu] I can provide you some figures. In 1993, 196 drug cases were solved throughout the municipality; the number rose to 368 in 1994, representing a 87.8-percent increase. From January to May 1995, we solved 217 cases, a 47.6-percent increase from last year's corresponding period. These were fairly rapid growth rates. A second characteristic [as heard] is the substantial increase in the number of drug abusers. We counted 159 drug abusers in 1993; the numbers were over 880 in 1994, and 219 from January to April this year. These were drug abusers that we discovered and dealt with; we estimate that the actual number of drug abusers is much higher. A third characteristic is that the cultivation of relevant plants has persisted despite repeated efforts to ban it in recent years. Drug trafficking still figures prominently in Shanghai's overall drug-related crime. This is very dangerous.

[Nan] Director Zhu, can you brief us on what new measures have been taken by the Shanghai police to ban narcotics and to combat drug-related crime?

[Zhu] In each of the past years, Shanghai has devoted substantial efforts to drug control under the leadership of the municipal party committee, municipal government, and public security departments. We have also taken a host of measures, chief among them are: 1) Stepping up publicity on drug-control laws in society. This is to make all Shanghai residents more aware of the need for drug control. Many drug abusers start using drugs for fun and do not know that the practice is illegal. Therefore, we must step up publicity. 2) Including drug-related crime in our relentless crime-busting campaign. We have struck severe blows at this crime each year. We recently mobilized efforts to improve public order in the summer, explicitly making drug control and the fight against drug-related crime an important aspect of our summer public-order campaign. 3) Firmly eradicating narcotics sources. There are two sources of narcotics in Shanghai. One is what I just mentioned — cultivation. This is practiced in rural areas where tens of thousands of plants are grown each year. Another is underground drug-manufacturing dens. We must eradicate these sources. 4) Taking compulsory measures to stop drug abuse. Once they become addicted, drug abusers cannot kick their habit on their own. What should we do? We should take compulsory measures to stop drug abuse. We hope that these measures, coupled with coordination from

residents in society at large, will help Shanghai achieve even better results in drug control.

Zhejiang Maps Out Modern Enterprise Plan

OW2306121695 Hangzhou ZHEJIANG RIBAO
in Chinese 7 Jun 95 pp 1, 3

[Article by reporter Zhang Yan (1728 3601): "Our Province Is Mapping Out a Comprehensive Plan For Establishing a Modern Enterprise System in Selected Places"]

[FBIS Translated Text] At a time when enterprise reform in our province is entering a new stage, the provincial party committee and government held a television and telephone conference from 5-6 June to discuss the work of carrying out a modern enterprise system in selected places. The conference aimed at making a comprehensive plan for establishing a modern enterprise system for 100 enterprises across the province and push forward in an overall manner the enterprise reform in the province by using the experience of selected units to promote the work in the entire area.

Secretary Li Zemin, Governor Wan Xueyuan, Vice Governors Chai Songyue, Long Anding, and Zhang Qimei attended the meeting.

Over the past 16 years since the drive of reform and opening up to the outside world, enterprises in our province have achieved positive results in reform, thanks to the overall planning of the CPC Central Committee, as well as the principle of insisting in emancipating the mind, seeking truth from facts, proceeding from the practical situation in Zhejiang, relying on practice and exploration, and focusing on the invigoration of the public economy. Zhejiang has initially formed a structure of enterprise ownership and economic operational mechanism suitable for the market economic system, thus providing a fine economic-social environment for the enterprise reform. The province has accumulated many successful experiences in reforming enterprises in rural and urban areas. Like a new force suddenly coming to the fore, village and town enterprises in particular have taken the lead in invigorating their structure and operation, thus providing good experiences for state-owned enterprises to improve themselves. A contingent of dedicated entrepreneurs who are well-versed in business management and bold in blazing new trails have been trained and cultivated in the course of reform. These achievements have laid a foundation for experimenting with the modern enterprise system at selected places.

It has become a popular concern for all social sectors in our province to deepen reform, establish a basic framework of the socialist market economy, form an invig-

orating modern enterprise system, and do a good job earlier than other parts of the country in comprehensively improving enterprises, particularly state-owned enterprises as well as large- and medium-sized enterprises, so as to turn them into a backbone force for sustained, rapid, and healthy economic growth in our province.

While analyzing the situation of enterprise reform in our province, Li Zemin said: We should further foster the faith in restructuring enterprises and strengthen the sense of urgency in this work. At present and for a long time to come, we should concentrate on blazing new trails for the modern enterprise system and further improve state-owned enterprises and large- and medium-sized backbone enterprises under the guidance of the decision adopted at the Third Plenary Session of the 14th CPC Central Committee and the important speeches made by General Secretary Jiang Zemin and other leading comrades of the CPC Central Committee in their recent inspections of Zhejiang, as well as in light of the goal of establishing a modern enterprise system.

While talking about the guiding ideology and principle for establishing a modern enterprise system and overall enterprise reform, Li Zemin emphatically said: It is necessary to persist in the orientation of reform. The modern enterprise system with the public ownership as its main component constitutes a foundation for the socialist market economic system. Establishing the modern enterprise system, which represents an orientation for the reform of state-owned enterprises, is an inevitable requirement for developing a mass production and market economy. In carrying out enterprise reform, we should insist on the principle of making enterprises more market-oriented and establishing a modern enterprise system which meets the requirements of the market economy and in which the property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established. At present, we should focus on the following three major points in light of the current situation of enterprises: We should do a good job in separating government administration from enterprise management, strengthen the inner management of enterprises, and establish a social security system.

We should adhere to the principle of seeking a common development for various economic elements with public ownership as a major component. In the course of enterprise reform, we should continue to expand the public economy, increase the value of state-owned and collective assets and guard against any possible loss and bring into better play the backbone role of the public economy in improving the overall economic quality in

the province. Meanwhile, we should continue to allow and encourage the development of the individual and private-run economic sectors, as well as the foreign-funded economic sector, and strengthen the management and guidance of these sectors.

We should integrate the change of the enterprise system, transformation, and reorganization with efforts to strengthen management. We should consider the continuous technological progress of enterprises as an important content in establishing the modern enterprise system, and truly turn enterprises into the main element to promote scientific and technological progress. We should improve state-owned enterprises as a whole and reallocate assets to meet the needs of a market economy. The reallocation of assets and investment will be made through merging "small enterprises and those which operate at a loss," selling those enterprises by auction, declaring bankruptcy, or changing them into joint-stock companies. Those steps will not constitute a loss of assets, but are reorganizations and changes in the form of assets. We should be bold to explore ways to promote what is beneficial and abolish what is unfavorable. "The change of the enterprise system, transformation, and reorganization" should be carried out together with efforts to strengthen management.

We should pay attention to key enterprises and take the overall situation into consideration. There are 1,141 state-owned and collective large and medium-sized enterprises in the province, accounting for 2.8 percent of the total number of enterprises with output value accounting for 37.5 percent of the total output value in the whole province. However, those enterprises' profits and taxes to state account for 50 percent. Those enterprises are related to Zhejiang's sustained economic development and to the improvement of the entire economy in the province. Accordingly, we must proceed from the reality of this province and lay stress on improving state-owned large and medium-sized enterprises in the reform of enterprises.

We should correctly handle relations between reform, development, and stability. We should use reform to promote development, and integrate the reform of enterprises with the strategic change of ways of economic growth, with the raise of the quality of the entire economy, with the formulation and implementation of the Ninth Five-Year Plan of this province, and with the strategy for economic development in the early years of the next century. In carrying out the reform of enterprises, we must take the enduring power of the state, the society and the staff members and workers into consideration, try hard to avoid a big shock in the society, and ensure social stability.

We should promote various reform measures in a coordinated manner. At present, the key issues are to do a good job in the social security system, including pension work for the aged, unemployment insurance, and medical care insurance. We should do a good job in the reform of party and government organizations, change the functions of the government, separate the administration of the government from the management of enterprises, and establish enterprises' position as the main body of investment and their power to manage state assets. While establishing a modern enterprise system, we must at the same time improve the party organizations of enterprises. We should give full play to the role of party organizations at the political core, wholeheartedly rely on the working class, and build good leading groups.

We should emancipate our minds, seek truth from facts, proceed from reality, explore new ways in a bold manner, change our concepts, and dare to create new things. We should provide guidance for different categories, pay attention to actual results, and refrain from seeking rigid uniformity and rushing headlong into actions with no sense of priority. We should adhere to the criteria of being conducive to the three causes [conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards]. We should avoid endless debate, but should constantly sum up experiences to achieve perfection.

Li Zemin called for concentrating efforts to promote the reform of enterprises while attaching importance to agricultural production, improving the quality of industrial economy, stabilizing commodity prices, expanding export and the utilization of foreign capital, and continuing to maintain the good trend of a sustained, rapid, and sound development of the economy in Zhejiang.

To further deepen the reform of enterprises and establish a modern enterprise system, we must promote the scientific and technological progress of enterprises and raise enterprises' economic quality and results. Governor Wan Xueyuan pointed out at the meeting: In order to promote economic growth and raise economic quality, the key lies in properly integrating science and technology with economic work. This is also an important content in establishing a modern enterprise system. We should integrate the promotion of enterprises' technological progress with the establishment of a modern enterprise system, and establish a mechanism for promoting technological progress. The improvement of enterprise structure, the operational mechanism, and the management system all must be led by science and technology. Therefore, we must strengthen the motive force of scientific and technological progress.

First, in establishing a modern enterprise system, we must turn enterprises into the main body of scientific and technological progress, including the main body of scientific and technological development. Enterprises should become the main body to absorb and transform scientific and technological progress into production. We should further strengthen enterprises' function to absorb and use scientific and technological achievements and turn enterprises into the main body for scientific and technological investment. Meanwhile, we should accelerate the integration of "production, study and research" to turn enterprises into the main body of scientific and technological progress. We should directly invite scientific and technological organizations with good conditions to join enterprises or enterprise groups. They may be incorporated into enterprises as enterprises' departments, or may operate jointly with enterprises under joint-stock or holding company system and form new-type science-and-technology enterprises or enterprise groups. Enterprises should cooperate with scientific research institutes and schools of higher learning to jointly set up technological centers or experimental centers, and jointly develop new technologies and products. When studying technological transformation projects or importing equipment, enterprises should invite scientific research institutes and schools of higher learning to take part in evaluation.

Second, in promoting enterprises' scientific and technological progress at present, we should lay stress on technological transformation. When trying the modern enterprise system at selected units, we should not only pay attention to the change of operational system, but also attach importance to technological transformation. In particular, we should pay attention to establishing a system for increasing investment in technological transformation. Besides, it is necessary to maintain rational relations between capital construction and technological transformation. In the second half of the year, governments at various levels should lay stress on formulating technological transformation plans for enterprises during the Ninth Five-Year Plan period, and pay particular attention to key industries and products. We should also do a good job in completing the technological transformation projects for the Eighth Five-Year Plan period and gain actual results from scientific and technological achievements. We should check and supervise the implementation of policies put forward by the provincial government last year on encouraging enterprise investment in science and technology. We should sum up experiences of various cities, prefectures, and enterprises in promoting technological transformation, study and formulate some new measures, and further improve related policies.

Third, product development is the key to promoting scientific progress and accelerating technological upgrading in enterprises. New products should be developed in line with market demands and should have a ready market. We should continue to develop "popular-brand, quality, special, and new" products to build up our competitive edge. We should concentrate on increasing our products' scientific and technological content and on improving their performance and quality. When developing new products, from the very beginning enterprises should set their sights on mass production, attaining an economy of scale, and improving their scale merit.

Wan Xueyuan said emphatically: Earnest efforts to exercise stronger leadership in work related to enterprises' scientific and technological progress are necessary. Government departments should not wash their hands of the matter simply because enterprises are expected to function as the principal part in scientific and technological progress. All departments concerned should study corresponding policies and measures in light of their own realities, and provide enterprises with a relaxed environment for pursuing technological progress. We should energetically train and attract skilled personnel, and concentrate on establishing a mechanism to absorb and retain them as well as let them display their talent. Enterprises that are experimenting with the modern enterprise system should become the "leader" in fully arousing the enthusiasm of scientific and technological workers. We should employ, put into important positions, and heavily reward scientific and technological workers who make outstanding contributions. We should earnestly sum up experiences, provide guidance according to needs, sum up good and typical examples, analyze cases, and guide localities and enterprises in their work so as to promote the reform and technological progress of enterprises.

At the meeting, Chai Songyue made specific arrangements for our province's experiment with the modern enterprise system.

Chai Songyue said: The establishment of a modern enterprise system is a direction headed by the reform of state-owned enterprises. We hope to establish a modern enterprise system which meets the requirements of the market economy, and in which the property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established. The provincial government has decided to select 100 enterprises to carry out the experiment in accordance with the State Council's unified plan. When establishing the modern enterprise system, we should use Deng Xiaoping's theory of building socialism with Chinese characteristics as our guide and the "conduciveness to three causes" as our yardstick, closely

take into consideration both the features of Zhejiang's economy and the enterprises' specific conditions, find a microeconomic method that permits the organic integration of public ownership with the market economy, and search for an enterprise organizational system that allows the state-owned economic sector to function effectively in the market economy situation.

Chai Songyue pointed out emphatically: Focus on the experiment, surmount difficulties, and fully push forward our province's enterprise reform — these are the strategic arrangements of our provincial party committee and government for establishing the modern enterprise system in our province.

Chai Songyue said: Our experimental work would enable us to really shape large numbers of enterprises into legal entities and dominant market-competition forces that cater to the demands of large-scale socialized production and the demands of the socialist market economy, and that are oriented toward both the international and domestic markets. We should explore ways to promote enterprise reform in the province through experimental work and by surmounting difficulties, in order to lay a solid foundation for our province to be the first in the country to establish the basic structure for the socialist market economy. The experiment would enable large numbers of enterprises to develop and expand continuously, and to play the role of vanguards, as well as serve as a backbone in transforming the method used by our province to achieve economic growth and in improving the quality of economic growth.

We should concentrate on a few issues when carrying out our experiment:

First, we should ascertain the principal investor. The situation in our province permits the use of three methods: First, we could establish a group of state-owned asset management companies that are authorized by the government to exercise the rights of holders of state-owned shares in experimental enterprises. Second, we could authorize large enterprises and company groups that meet the requirements to function as investors. Third, in cases where organizations for managing the investment of state-owned assets have not been established, the government could temporarily authorize relevant departments to exercise on the organizations' behalf the rights of holders of state-owned shares in enterprises; organizations that hold shares would exercise the power of shareholders but would not serve any administrative or managerial functions in enterprises whose shares they hold. Whatever the method, we cannot function both as the "owner" and the "boss."

Second, we should actively explore ways and methods to reform the enterprise system. Relevant government

departments, particularly those which perform multiple functions, should act as go-betweens and coordinate work in enterprise reform, but they should refrain from promoting administrative mergers and from slapping enterprises together to form business groups. The majority of the 100 enterprises selected for this experiment are superior enterprises in the province or in cities and districts. To bring about the restructuring of regional economies and enterprise organizations through the reform of their systems, these enterprises may reorganize their assets through such means as consolidation by merger, turning debt into equity, shareholding through investment, stock transfer or replacement, and internal shareholding by workers and staff members. When conducting inter-regional and cross-trade mergers and joint ventures, it is necessary to emancipate our minds, change our mentality, encourage the merger of superior with inferior enterprises, and also encourage inferior enterprises to throw in their lots with superior ones. We should provide superior enterprises with the opportunity to develop, but we should also give inferior enterprises a chance to close down, suspend operations, undergo mergers, or shift to other lines of production. Where conditions permit, areas and departments may combine enterprise reorganization with trade reorganization, and establish large enterprise groups to create new economic assets. Commercial enterprises should vigorously develop chain-store operations. In the process of reforming the enterprise system, we should assess assets, differentiate between management and ownership, prevent the underestimate and loss of state and collective-owned assets, and ensure that the values of public-owned property are maintained and increased.

Third, organizations for the administration of corporations and legal entities should be established and should operate according to certain standards. After we have ascertained the principal investors of an experimental enterprise, we would no longer appoint personnel from government bodies as representatives of state-owned assets' ownership. The position would instead be filled by representatives who are sent by the principal investment bodies and who would exercise the rights of a shareholder according to law. The ownership representation by government organizations would be rearranged during the election of the boards of directors. Efficient and capable internal enterprise organizational organs should be set up in a rational manner and in accordance with the demands of the socialist market economy and the features of production and operation. We should also attach importance to product and technological development and the organization of business and sales departments.

Fourth, we should rationally restructure the debts incurred by enterprises' assets. Such debts are generally higher in state-owned enterprises, which shoulder very heavy burdens in interest payments. Our experimental work would help reduce such debts to a rational level. Enterprises should break free from the traditional means of depending purely on financial allocations to supplement their capital. Instead, they should adopt the concept of supplementing their capital through multiple channels, such as making good use of available funds and absorbing capital from society, and establish a principle under which they supplement their capital mostly through their own efforts while government assistance only play a complementary role.

Fifth, we should lighten the burden incurred through enterprises' aid to society and surplus workers, and provide unemployment relief aid to workers and staff members whose work contracts have been terminated by the experimental enterprises and who are affected by personnel retrenchment.

Sixth, we should strengthen the construction of party organizations in enterprises and democratic management by workers and staff members. During the experiment, we should earnestly handle the relations between the "three new meetings" [xin san hui 2450 0005 2585] and the "three old meetings," and form a new system of leadership and of organization and management.

The provincial party committee and government urge all localities and enterprises to pay close attention to enterprise reform in the province while focusing on experimenting with the modern enterprise system.

It is necessary to continue to promote the implementation of the "Regulations on Transforming Operating Mechanisms," "Regulations on Supervision and Management," "Company Law," and "Labor Law;" vigorously promote the asset management responsibility system; arrange the promotion of "Xinchang experience" in a large number of enterprises at an appropriate time of this year; and make sure the value of state-owned, collectively owned assets is maintained or increased. Enterprises should be categorized according to their types and guided accordingly in "transforming and establishing operating mechanisms." Enterprises should strengthen management and reform and optimize their management mechanism according to the requirements of establishing a modern enterprise system. We should "select the best and support the strongest" to improve the quality of provincial economic growth. We should attach importance to developing five groups — nurturing and developing a group of large enterprises and conglomerates into the backbone of Zhejiang's industry, mainly through the implementation of "123" projects;

nurturing and constructing a group of "small giant" enterprises, which have their own specializations and features, follow the international standards in production, remain ahead of their domestic counterparts in the grades of goods, rank among the nation's top three in market shares and comprehensive index of economic efficiency, be capable of developing technologies, and can compete in foreign markets; developing a group of high-technology, high-quality, and high-efficiency brand-name products of certain economics of scale; supporting a group of big hands who earn over \$20 million in foreign exchange through exports; and developing a group of enterprises whose output value of high-tech products exceed 100 million yuan.

Chai Songyue finally demanded that all parties throughout the province strengthen the leadership, coordinate with one another, carry out work carefully, and conscientiously and properly promote pilot projects. He said: Our objective is to basically establish a modern enterprise system suitable to the socialist market economic structure by 2000 and complete the pilot projects in 1995 and 1996. The first stage of work is to conduct a meticulous feasibility study on pilot projects; the second stage is to carefully operate and implement the approved projects; and the third stage is to sum up experiences in carrying out the pilot projects and come up with opinions on establishing a modern enterprise system in a larger scope of the province.

In concluding the meeting, Zhang Qimei demanded that all cities, prefectures, and departments conscientiously study opinions on implementation as discussed at the meeting, attach importance to implementation, strengthen leadership and guidance on pilot projects, and integrate the implementation of guidelines of this meeting with various tasks in progress. Presently, some tasks should be stressed:

First, we should uphold the principle of "improving distribution channels, restricting the production of low-technology goods, and stopping the production of stockpiled goods" and further promote the coordination of production and marketing. We should provide capital support to a selected group of marketable products and key enterprises with good economic efficiency as required by the provincial party committee and government and, in the meantime, exercise greater efforts to reverse loss-making conditions in enterprises.

Second, it is necessary to properly conduct the management of industrial production by emphatically improving the rational control of transportation and energy resources and ensuring important material transportation and power supply for key enterprises. Power supply for "two tasks in summer farming" in rural areas

and for normal industrial operations should be guaranteed. While engaging in industrial production, we should not relax our control for safe production. All enterprises should also prepare themselves for the hot summer in a timely manner.

During the meeting, eight units, including the organization department of provincial party committee, provincial council of trade unions, Hangzhou City Government, Ningbo City Government, Shaoxing City Government, Hangzhou Turbogenerator Group Company, Shaoxing China Light Industry and Textile Group Company, and Ningbo Dunhuang Group Company, delivered special speeches. Relevant provincial departments and some province-owned pilot enterprises attending the meeting in Hangzhou also joined group discussions.

Leaders of various cities, prefectures, and counties and relevant responsible persons of pilot enterprises watched the proceedings of the meeting, listened to the reports, and held discussions in their respective localities.

Central-South Region

Joint-Stock System Invigorates Hubei Enterprises

OW0707030795 *Beijing XINHUA in English*
0237 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — The introduction of the joint-stock system has injected vigor into 467 enterprises in central China's Hubei Province, according to today's "Shanghai Securities News".

The paper said that the enterprises made 1.49 billion yuan in profits in 1994, 67 percent of the profits earned by all state-owned businesses in Hubei.

The enterprises currently have shares worth 16 billion yuan, 20 percent of the value of fixed assets of businesses practicing independent accounting in Hubei.

It said that such enterprises are markedly superior to other enterprises in terms of efficiency, debt repayment capabilities and technological upgrading.

On average, the enterprises scored a 40-percent increase in profits and taxes generated last year, it said, adding that their asset-based profit rate was six times that of state-owned businesses.

For example, the Houwang group, which grew out of a small welding factory in Yichang, has undertaken a variety of new production lines since instituting the joint-stock system in 1992. As a result, its profits have risen at an annual rate of 100 percent.

Southwest Region

*Yunnan Governor on S&T Product Commoditization

95CE0436A *Kurtming YUNNAN RIBAO in Chinese*
27 Apr 95 pp 1-2

[Article by Yunnan Provincial Governor He Zhiqiang: "Accelerate Industrialization of Scientific Research Results To Boost Economic Growth"]

[FBIS Translated Text] 26 April 1995

I

The industrialization of science and technology [S&T] achievements is a process in which the latest S&T research results are transformed into effective productive forces on a large scale through technological, commodity, scale, and market development. Yunnan Province trails advanced coastal regions and provinces in its economic development level. Faced with sharp competition in high technology, both at home and abroad, we must take pains to raise technological standards. But even more important, we must pay attention to the competition in industrializing S&T results and the race for technology transfer. At the moment, the latter is clearly more important and urgent. The reason is that S&T industrialization in Yunnan has a dual responsibility. On the one hand, we must research and develop high technology that has Yunnan characteristics in light of the province's resources and existing foundation in industrialization and based on the industrial policies of the nation and the province, and use such technology to drive the development of a new family of industries. On the other hand, we must throw more resources into the technological transformation of traditional industries, research and develop practical technology suited to the province, and redouble our effort to raise the productivity and profitability of industry and agriculture in the province as well as those of its service sector.

The 1990's are a critical period in S&T and economic development in Yunnan. The industrialization of S&T results is the most direct and fundamental way to put S&T progress to use in driving economic development. It is a key link in our drive to realize the strategic goal of "taking education as the base and revitalizing Yunnan through S&T." It is also the principal approach toward realizing this strategic principle: "Economic construction must rely on S&T progress and S&T progress must be geared toward economic construction." Practice proves that advanced technology alone cannot automatically generate economic growth, but that only by marrying S&T with the economy and by industrializing S&T achievements can we expedite economic development. The race for the industrialization of S&T is an

unstoppable wave both at home and abroad. Science and technology are the first productive forces, but it takes commercialization and industrialization to translate them into real strategic competitiveness.

The grand design for a socialist market economy put forward by the party's 14th National Congress presented the industrialization of S&T with a new opportunity, a set of sound policies, and a favorable social and economic climate. It is foreseeable that S&T industrialization will effectively propel and accelerate both the birth and the perfection of a socialist market economy. The latter, in turn, will effectively spur the rapid industrialization of S&T achievements. To date governments at all levels and all sectors should concern themselves with improving and developing the market mechanism for S&T industrialization, with enhancing their capacity to translate research results into productive forces, and with accelerating this process. The S&T community and industry should join forces by working together to grasp the opportunity to accelerate S&T industrialization and sharply raise the S&T levels of Yunnan's industry and economy.

II

Yunnan's drive to industrialize S&T results has been remarkably successful since the Third Plenum of the 11th CPC Central Committee. In the 10 years between 1985 and 1994, a total of 2,997 S&T results were obtained at the provincial level, capturing 1,895 S&T achievement awards altogether. Of the 1,895 awards, 82 were national, 360 were ministerial, and 1,453 were provincial. Between 1990 and 1994, 2,124 S&T achievements were verified and registered, including 1,623 applied achievements. Of these 1,623 achievements, 668 have already been put to use in production, yielding a utilization rate of 43.86 percent. They have generated impressive economic benefits, boosting output value by 5.3 billion yuan, profits and taxes by 1 billion yuan, and foreign exchange earnings by \$400 million.

1. Headway made in development of S&T industries.

The development plan for S&T industries in Yunnan consists of the Torch Plan, the Spark Plan, an S&T achievement popularization plan, and an electronic information applications dissemination plan. These plans have enjoyed healthy growth and outstanding results ever since they went into effect. In 1994 alone, a total of 166 projects of all types at either the state or the provincial level were launched. Upon completion, these projects will generate 2.1 billion yuan in additional output value and increase annual profits and taxes by 500 million yuan. They will greatly stimulate the industrialization of S&T industries.

a) Torch Plan. The focus of the Torch Plan is to nurture and develop high technology enterprises and expedite the commercialization, industrialization, and internationalization of high technology achievements. Under the Torch Plan, 49 projects were launched in Yunnan between 1990 and 1993, including 14 national-level projects and 35 provincial-level ones. These projects involve the integration of engineering and electronics, biotechnology, new materials science, and electronic information, among other things, and epitomize the characteristics of high technology industries in Yunnan. The provincial government has been an active force behind the formulation and implementation of the Torch Plan. Since 1991 it has allocated 2 million yuan each year to the Torch Plan fund to finance its projects and subsidize interest on their loans. After several years of practice, the government has opened up a funding channel and developed a set of management rules for the Torch Plan, effectively promoting the commercialization and industrialization of a host of scientific research results. Not only have they generated outstanding economic returns, but they have also nurtured a number of high technology enterprises. According to data collected by the Yunnan Science Commission on 35 projects that have already gone into production, they completed 160 million yuan in output value, reported sales revenue of 165 million yuan, realized 27.6 million yuan in profits and taxes, and earned \$2 million in foreign exchange in 1993.

B) Spark Plan. The thrust of the Spark Plan is to vitalize the rural economy by using science and technology, guiding township and town enterprises onto the path of healthy development, and jump-starting development of rural pillar industries. Altogether 615 projects were initiated in Yunnan during the Seventh Five-Year Plan and the first three years of the Eighth Five-Year Plan. Projects already completed account for 1.7 billion yuan in additional output value, over 200 million yuan in increased profits and taxes, earned \$7 million in foreign exchange, and trained 700,000 people in the various skills required in a Spark Plan project. The scale of the projects has also been expanding gradually. In 1993, there were five projects each with fixed assets investment exceeding 10 million yuan and 16 projects with fixed assets investment between 2 and 10 million yuan each, in contrast to the past when projects were very modest in scale. Step by step township and town enterprises are developing into corporations and S&T results are being industrialized. There is also a gradual shift to flagship industries.

C) S&T achievements popularization plan. This plan targets the transformation of S&T achievements and concentrates on the popularization of new technology, new processes, new materials, and related new equipment

that is suited to circumstances in Yunnan. Altogether 191 projects with a combined investment of 84 million yuan are scheduled for completion during the Eighth Five-Year Plan.

D) Electronic information plan. The objective of the electronic information plan is to utilize electronic information technology to transform traditional industries, bring about industrial computerization, and speed up software and information service development. After several years of implementation, the plan has become an effective multiplier in the service of the popularization of computer applications in Yunnan and has played an important role in economic construction in some instances. The "60 kiloamp electrolysis trough microcomputer control technology application project," undertaken by Yunnan Aluminum Plant, has already shown its effectiveness in lowering energy consumption. The popularization of that project will enable the province to reach an advanced level in the field of industrial microcomputer process controls.

2. Patent application and implementation making gradual progress.

Following implementation of the Patent Law and the deepening of patent work, the number of patent applications has gone up steadily, as has the number of application approvals. As of late 1994, 2,703 patents had been approved. All localities and sectors have worked hard to implement patents and transform patented technology into real productive forces by adapting them to local or sectoral conditions in a variety of ways. As a result, economic development has been expedited. According to a survey on 943 patent projects, 440 pieces of patented technology have been applied to production, yielding a utilization rate of 46.7 percent. They have produced fairly solid economic and social benefits.

3. Healthy development of a high-tech industrial development zone.

The purpose of building the Kunming high-tech industrial development zone (including a private S&T park) is to create a favorable environment for high-tech industrialization. In 1994, 287 enterprises moved into the Kunming high-tech industrial development zone, including 97 certified high-tech enterprises, 20 private enterprises, 26 enterprises that were either wholly or partially foreign-funded, and three export-oriented, foreign-exchange-earning enterprises, and the latter produced three foreign-exchange-earning export products. High-tech enterprises employed 7,200 people in all and turned out 210 high-tech products. Statistically, the development zone had a total income of 1.1 billion yuan from technology, industry, and trade in 1994. During the same year, its industrial sales output value amounted

to 680 million yuan, its profits and taxes amounted to 120 million yuan, and it earned \$3.2 million in foreign exchange. Signs of promise can be detected in a number of industries in the zone, such as biomedicine, represented by the hepatitis A vaccine and polio vaccine; electronic information technology, represented by digital circuit communication equipment and computers; and new materials technology. Ninety-five percent of these industries developed spontaneously within the country. Already three enterprises each have earned a total income from technology, industry, and trade in excess of 100 million yuan each.

The private S&T park is a key base for high-tech industrialization. As of 1994, 75 enterprises had moved into the park, including 69 certified high-tech enterprises. They had a total work force of 4,100 people, turned out 158 products, and earned 300 million yuan in all from technology, industry, and trade. Their industrial sales output value amounted to 78 million yuan and their profits and taxes totaled 27.5 million yuan. The private S&T park has implemented five national-level Torch Plan projects, transformed five enterprises, including large and mid-sized state enterprises and township-and-town enterprises. Three such enterprises have moved into the S&T park to operate high-tech enterprises.

4. Rapid development of technology markets.

Guided by the "deregulate, vitalize, support, and guide" principle, the technology market in Yunnan has been growing rapidly in recent years. Technology has now been recognized in society as a commodity and the rudiments of a transfer-for-payment mechanism that complies with the law of value and involves the signing of a technology contract has come into existence. Between 1982 and 1994, 28,000 technology contracts worth a total of 860 million yuan were signed in Yunnan. In most cases technology trade assumes the form of technical services or technology development. The combined value of all technical service contracts in the province in 1994 was 67 million yuan, while that of all technology development contracts was 32 million yuan. In 1993, each contract was worth about 40,000 yuan on the average. By 1994, the figure had risen to 66,000 yuan. Industrial enterprises are the top buyers in the technology market, while scientific research organizations are the leading sellers. In 1994, industrial enterprises accounted for 42 percent of the total number of technical purchase contracts and 45 percent of the overall value of such contracts, while scientific research organizations pocketed 34 percent of the funds derived from the sale of technology.

As the level of technology trade keeps rising steadily in recent years, high technology has begun to enter the

technology market. Gains have been made to varying degrees in the extent of industrialization, in standards, and in the quality of the technological commodities which have found their way to the market. Some technologies and technical products have entered the national market as well. The province as a whole and all localities have aggressively nurtured the system of technological markets, expedited construction of the infrastructure of the technology trade, and worked hard to perfect service functions and improve the climate for technology trade. As a result, more and more S&T achievements have flowed from urban areas to the countryside and even to the impoverished areas along the border, in the process powerfully fueling economic and S&T development and deepening reform. To date 1,450 technological trading organizations of all types, including state, collective, and private organizations as well as partnerships, have come into existence in the province, hiring almost 40,000 people. An army of S&T brokers who are technically competent, well-versed in economics, familiar with the law, and adept at doing business is gradually taking shape and contributing greatly to energizing technology trade and boosting the volume of business.

5. Private S&T industry is in the ascendant.

Private S&T enterprises are a new-born thing spawned by reform, the open policy, and the new technology revolution. With reality as its starting point, private S&T enterprises have carved out a new market-oriented development path during the past 15 years that is based on the development and exploitation of resources and that relies mainly on S&T personnel, S&T enterprises, and high technology. It is a path that will lead to industrialization, an increase in the scale of operations, and integration of technology, industry (agriculture), and trade. By carving out this path, private S&T has helped deepen S&T reform; sped up development of S&T undertakings; promoted union and coordinated development among society, the economy, and science and technology; and given the development of high-tech industries in the province a shot in the arm. Today, private S&T-oriented enterprises number about 3,100, providing full- and part-time jobs for over 100,000 people, and, according to incomplete statistics, earning more than 1 billion yuan from technology, industry (agriculture), and trade. So far 108 projects have been put together in these four broad areas: biological drugs and medicines, new materials and energy efficiency, electronic information technology and engineering and electronics integration, and green products and health drinks. The first steps have been taken toward enlarging the scale of such operations. Now that we have a group of enterprises and projects

worth more than tens and even hundreds of millions of yuan, we have sown the seeds of a family of mass industries. In the field of biological drugs, for instance, blood products, intravenous fluids and oral fluids, anti-rheumatism drugs, and a series of anti-cancer drugs, are all making progress toward the goal of generating between 50 and 100 million yuan in sales earnings.

Private S&T-oriented enterprises in Yunnan have a number of characteristics. They look for raw materials, raise funds, and sell their products on their own. They eschew government investment and government-assigned personnel. They abide by the principle of voluntary integration, exercise decision-making authority in their operations, and are accountable for their own profits and losses. They have demonstrated the flexibility of their organizational structures and management systems in a developing market economy. The union between S&T and the economy, between S&T and the market, has made possible the transformation of S&T results, particularly high-tech results, into real productive forces in a hurry. A number of the more formidable private S&T enterprises are advancing in the direction of industrialization. Their scale of operations is growing and they are becoming more export-oriented. A host of S&T entrepreneurs who are technologically proficient, skilled in management, and good at doing business has emerged. Private S&T has become an important component of the S&T industry of Yunnan and a vital new force to help foster up-and-coming industries.

6. New progress in construction of key laboratories and intermediate testing bases.

To enhance the province's ability to transform S&T results into productive forces more rapidly and expedite their commercialization, industrialization, and internationalization throughout the province, the provincial CPC committee and government have decided to put together six provincial-level intermediate testing bases during the Eighth Five-Year Plan. In order to meet the needs of pillar industries and new industries for high-level S&T personnel and specialty leaders and their demand for an endless stream of scientific research achievements, the provincial party committee and government also have decided to build 10 provincial-level key laboratories. Currently construction on six key laboratories and four intermediate testing bases is being speeded up. Of the six laboratories, the agricultural biotechnology laboratory and natural drugs and pharmacology laboratory have been completed and delivered. Everything must be done to make sure the remainder go into full operation this year. Upon completion, the 10 key laboratories and 6 intermediate testing bases will provide society with intermediate-testing sites, enhance its ability to transform scientific research results into ef-

fective productive forces, and expedite industrialization of S&T results.

III

The industrialization of S&T results is a complex piece of systems engineering. The construction of a socialist market economy has provided the transformation of S&T results with an excellent opportunity. But it also presents the S&T community and industry with a new task. A major mission confronting us to date is to further improve market mechanisms for industrializing S&T results, heighten our ability to transform S&T results, speed up the transformation process, and create a favorable climate conducive to S&T industrialization.

Despite the considerable success Yunnan has achieved in expediting the commercialization and industrialization of S&T achievements, there are still some constraints on the process of industrialization because our market economy is still immature and our operating mechanism is less than perfect. Among the constraints are these: The body of policies and laws essential to S&T industrialization is less than perfect; a host of markets related to S&T industrialization, such as the labor, funds, technology-trade, and capital-goods markets, have been lagging; development of a corresponding social security system has failed to keep up; and S&T entrepreneurship is still not closely aligned with the financial system. As a result, the industrialization of S&T results has been circumscribed in speed, scope, and depth. Our ability to commercialize S&T achievements and the rate at which we can do so cannot keep pace with accelerated economic growth. Confronted as we are with the race in S&T, we must grasp favorable opportunities and vigorously and boldly explore ways to industrialize S&T achievements that are just right for Yunnan and will enhance its competitiveness at home and abroad, accelerate the growth of its economy, and achieve the strategic goal of "revitalizing Yunnan through S&T."

1. Further improve market mechanisms for industrializing S&T achievements. To hasten S&T industrialization, we must dismantle regional and occupational barriers and create an all-embracing technical market system dominated by a technical system but consisting also of an information market, a qualified personnel market, a fund market, and a securities market. In addition, it must be gradually aligned with the international market.

2. Diligently formulate a series of related laws and regulations on the industrialization of S&T achievements. Set up a market management, supervision, and service system for S&T industrialization. Create a market competition mechanism to help transform S&T achievements into productive forces that is fair, rational, and scientific so that all economic activities that have a bear-

ing on S&T industrialization will become standardized and have a basis in law over time.

3. Establish a macroeconomic S&T management system that is suited to the characteristics of a market economy as well as conditions in Yunnan. Improve management and services. Improve work efficiency. Formulate a range of preferential policies and measures that will facilitate transformation of S&T achievements and nurture S&T industries. Develop S&T enterprises that adopt a shareholding system or cooperative shareholding system. Create an S&T industry venture investment mechanism that has Yunnan characteristics to fund the conversion and application of S&T results in the future. With the market taking the lead and under the guidance of government policies, we must exercise necessary administrative regulation and control to ensure that technology development, technology transfer, and S&T entrepreneurship take place on an even larger scale and at an even deeper level. In this way, S&T industry in Yunnan will not only grow significantly in a quantitative way, but also will achieve a qualitative take-off to become the locomotive of the development of productive forces.

4. Consolidate the position of enterprises as the leading players in S&T industrialization. S&T industrialization in essence is the dissemination and application of S&T results, achieving economies of scale. Whether it be the transformation of traditional industries or the creation of new industries, it is existing enterprises, especially large and mid-sized enterprises, which have the greatest need for S&T achievements. In a certain sense, the industrialization of S&T achievements mainly depends on the ability of existing large and mid-sized enterprises to assimilate high technology and upgrade their product mix and on the extent to which they utilize high technology to transform themselves. The industrialization of S&T achievements takes time, of course, but it has other basic prerequisites, such as funds and the development of markets. Accordingly, it is imperative that the principal role of enterprises be strengthened if S&T is to be industrialized.

5. Use high technology extensively in the transformation of traditional industries. The vitality of traditional industries springs from continuous modernization and upgrading. Take high technology as the new economic growth point and transform traditional industries in order of priority level after level. Use coherent families of high technology to drive the transformation of key traditional industries. Use microelectronic technology to raise production, operational, and management standards. Formulate a set of policies that will stimulate such a transformation. Give preferential treatment to projects that use high technology to transform traditional indus-

tries by granting them approval, loans, and interest subsidies ahead of others.

6. Scientific research institutions, institutions of higher education, and S&T personnel must part with the old system and enhance their awareness of the market and their sense of the commodity economy. Discard a research model that lacks variety and is isolated and removed from production. Go out and invite others to come in. Take the initiative to look for projects and disseminate results in society and enterprises. Solve real-world problems. Build bridges between scientific research, on the one hand, and production and application, on the other, and open up channels for the transformation of S&T achievements in light of social and economic development needs.

7. Pay utmost attention to the training and importation into China of qualified personnel that will take us into the next century. Contemporary competition in high-tech industries is both a competition in overall national strength and a competition to see who has better qualified personnel. Whether or not high-tech industrialization achieves genuine development is determined primarily by the presence or absence of a new type of qualified personnel who are truly learned and have an innovative spirit. For this reason, we must live up to the spirit of the "Circular of the People's Government of Yunnan Province on Strengthening the Training and Importation of Young and Middle-Aged Academic and Technical Leaders" and draw up an appropriate qualified personnel training plan, paying special attention to the training of high-tech leaders who can take us into the next century even as we formulate a strategy to develop S&T industries. In deepening reform, we should develop a new mechanism and create a social climate where qualified personnel can mature and put their expertise to good use, thereby providing the accelerated industrialization of S&T with the necessary intellectual support and personnel.

8. Establish a funding support system for high-tech industries. High-technology is characterized by high input, high output, high risk, and high advantage. We must raise funds diligently and use all channels to increase investment in high-tech industries. As direct beneficiaries of new product development, enterprises should take the initiative to raise funds to finance such development. Government appropriations are the main contribution to risk funds set up to develop high-tech industries. In making loans, banks should differentiate among enterprises depending on their level of technology and economic performance. Make good use of foreign capital as a means of diversifying funding sources.

In short, provided leaders at all levels take it seriously, tackle the first productive forces together unwaveringly, and treat the accelerated industrialization of S&T achievements as a paramount task in S&T work by taking strong measures and forging ahead, we will certainly be able to map out a path to integrate science with industry and trade. In the process of industrializing S&T, scientific research units will also devote S&T forces to the main battlefield of economic construction, orient themselves to the economy, and enhance their capacity for self-development. As leading players in S&T development, enterprises will build up an S&T development system led by themselves and compatible with development of a market economy and increase the technological content of their products steadily. Private S&T will also flourish. The industrialization of S&T achievements is bound to greatly expedite industrialization in Yunnan, stimulate economic growth, and realize the goal of revitalizing Yunnan through science and technology.

North Region

Beijing Holds Forum on Science, Technology

SK0707101295 Beijing BEIJING RIBAO in Chinese
24 Jun 95 p 1

[FBIS Translated Text] Beijing Municipality held a seasonal forum on science and technology in the building of the municipal people's government on 23 June. Municipal leaders—including Li Qiyan and Zhang Baifa—attended the forum and earnestly heard the opinions and suggestions given by some specialists of the capital on the issues of developing strategies in the capital.

Enthusiastically voicing their opinions on the issue of developing strategies in the capital at the forum were Deng Shoupeng, director of the technical and economic department under the State Council's Development Research Center; Feng Zhijun, vice chairman of China Democratic League, member of the National People's Congress standing committee, and adviser to Beijing Science and Technology Advisory Association; Wang Xuan, director of the computer institute under Beijing University and academician of Chinese Academy of Sciences and of the Third World Academy of Sciences; Ni Weidou, vice chairman of the Qinghua University School Affairs Committee and of the municipal science and technology association; Shi Dinghuan, director of the department of industries under the State Science and Technology Commission; Zou Shimeng, director of planning department under the Ministry of Construction; Cheng Xu, director of the department of science, technology, and quality standard under the Ministry of Agriculture; and Wang Delu, director of the Changcheng Enterprise Strategy Institute.

During the forum, the participating specialists respectively put forward many favorable opinions and suggestions with regard to enforcing the strategy of "having science and technology make the country prosperous" by making full use of strong points in the capital; by clearly discerning the weak point in the shortage of natural resources; by developing high technologies and realizing industrialization; by bringing into play the role of the experimental zones of new tech industrial development; by enforcing the principle of "one zone with multiple industrial parks"; by seizing the opportunity; by concentrating efforts on creating something new in systems; and by bringing into play the strong points of district position and of talented personnel. They also put forward opinions and suggestions with regard to supporting young talented personnel by closely integrating science and technology with the economy and developing key pillar industries; with regard to entering international markets by carrying out independent development, having a foothold in creating something new, and by trying hard to catch up with the advanced; with regard to fostering large enterprise groups by paying attention to science and technology, increasing the input, and having various departments make concerted efforts to boost the experimental zones; with regard to being a vanguard in the fields of environment quality, living quality, construction of social facilities and infrastructures, modernized industries, and the development of the tertiary industry; with regard to developing agriculture that may be steadily intensive, saving-water agriculture, and high-and-new tech agricultural industries; and with regard to enhancing the planning and leadership over the development of high-science-technology industrial belts in the capital.

Mayor Li Qiyang delivered a speech at the forum in which he extended heartfelt thanks to the specialists on behalf of the municipal party committee and the municipal people's government. He stated: The opinions and suggestions raised by the specialists greatly inspired the municipality in planning and development and had much significance on us in broadening our minds and upgrading our understanding. As the central authorities have put forward the strategy of "having science and technology make the country prosperous," Beijing, being the capital of the country, should render services for the state in the fields of education, science and technology, and culture. It should utilize the opportunity, bear the reality in mind, and engage in earnest study for formulating development strategies.

Li Qiyang stated: Beijing is making preparations for holding the conference on science and technology. The key to succeeding in this regard lies in dealing with problems. We should further enforce the municipal

grand strategy of science and technology and bring the strong points into play and the enthusiasm of main scientific and technological forces on several fronts into full play. We should adopt effective measures to industrialize high science and technology and to turn them into practical productive forces and should support the development of scientific and technological groups so as to bring along economic development in the capital. We should also support young talented personnel in science and technology, boldly let them give full play to their ability, and earnestly deal with the problems concerning the input in science and technology. Party and government leading personnel at all levels should further foster friendships with the specialists in various fields, invite more specialists for lectures, and should listen more to the opinions raised by specialists.

Ouyang Wenan, Lu Songhua, and Fan Yuanmo attended the seasonal forum and Hu Zhaoguang presided over the forum.

Beijing Inspection Group Delivers Price Report

SK0607115995 *Beijing BEIJING RIBAO in Chinese*
21 Jun 95 p 1

[FBIS Translated Text] The special inspection group with Zhang Fuyou as its head and Jiang Xi as its adviser concluded its five-day inspection of the implementation of measures issued by the State Council for price control on 20 June. Attending the briefing held by the special inspection group to earnestly hear the summarization and opinions give by the group were municipal leaders, including Li Qiyang, Zhang Baifa, Ouyang Wenan, Meng Xuenong, and Fan Yuanmo. Mayor Li Qiyang stated: Tasks set for price control in the second half of this year are still arduous. By no means should we lower our guard in this regard and we must continuously and resolutely implement the measures issued by the State Council for price control.

From 15 to 20 June, the inspection group of the State Council successively looked into eight serving-the-people grain stores, chain stores, small super markets, and shopping centers of nonstaple foodstuffs. It also inspected suburban vegetable production bases, chicken farms, and hog-raising farms, as well as paid a visit to the Dazhongsi wholesale market of farm and sideline products and the Hepingli trade fair. It also spent a half day on specially hearing the expressions resulting from the situation of commodity prices, which were raised by the deputies of the municipal people's congress, the members of the municipal Chinese People's Political Consultative Conference committee, and the representatives of the municipal trade union council, as well as

the opinions and suggestions raised by them for commodity prices. The group had a good grasp of a large amount of first-hand materials and appraised by seeking truth from facts the work done by Beijing in implementing the measures issued by the State Council for price control.

Zhang Fuyou pointed out: The Beijing Municipal People's Government has attached great importance on implementing the measures issued by the State Council for price control, adopted a series of powerful methods, and scored initial results.

The inspection group confirmed the work done by the municipal people's government in upgrading the curtailment of inflation and the controlling of price hikes to a due height, in enhancing the sense of responsibility among leading personnel at all levels, and in justly and forcefully strengthening price management. The municipal people's government realistically implemented the leadership responsibility system by organizing the special leading body with the mayor as its head to carry out the work. It also upheld the stability among price management organs and brought the functional role of these organs into play. Various departments grasped the price control simultaneously and commonly conducted management over it by adopting a series of measures in the fields of price management, the construction of "rice bag" and "vegetable basket" projects, the consolidation of circulating order, the enhancement of macro readjustment and control, and of the strict control of the scale of investments made in fixed assets. These measures include the enforcement of limited and guiding prices among the important commodities of grains, cooking oil, meat, eggs, and vegetables; include the enforcement of "veto with one vote" in appraising units for advanced title that have failed to fulfill their grain production plan; include the construction of a large number of serving-the-people stores, chain stores, and small super markets, whose main business is of important commodities; and include the assignment to the financial departments for giving vigorous support to stabilizing prices. Since September 1994, the increased scale of retail prices in Beijing has decreased month after month. The retail price index in 1994 was lower than that scored by 35 large and medium-sized cities across the country. During the January-March period of this year, the index also gradually decreased. This has shown that the measures issued by the State Council for price control have been gradually implemented by the municipality and that the municipality has scored initial results in them.

The inspection group affirmatively pointed out: Beijing Municipality should further improve its measures for price control, continuously maintain or enhance the

dynamics in macro readjustment and control, unswervingly implement various measures for price control, and should adopt every possible means to ensure the fulfillment of the annual targets of price readjustment and control. The inspection group also specially put forward the eight opinions and suggestions that had been proved as effective with regard to bringing under control the scale of investments made in capital construction, the inflation of consumer funds, and the spontaneous price hikes; as well as with regard to stabilizing the prices of grains and foodstuffs, consolidating the circulating order, reinforcing the dynamics in price management and inspection, and showing concern for staff members and workers whose incomes are low.

On behalf of the municipal party committee and the municipal people's government, Li Qiyan extended thanks to the inspection group for their support, encouragement, and cordial opinions on the municipal price work. He stated: The affirmation given by the inspection group to the municipal work to control commodity prices represents an encouragement to us and the problems pointed out by it through the way of seeking truth from facts represent an education to us. Following the telephone work conference sponsored by the State Council on further enhancing the price management, the municipal party committee and the municipal people's government adopted a series of measures to resolutely implement the spirit of the conference and scored some results. However, judging from the current state of affairs, the municipal situation in commodity prices is still severe. Commodity prices are not a small event. We should further upgrade our understanding and grasp the price work by placing the work in an important position. As for existing difficulties and problems, we should further investigate and study them and break down the tasks for this purpose at lower levels. We should also take the whole situation into consideration, abide by the discipline, and take the lead in implementing the central policies on price control.

Most Low-Income Beijing Residents 'Satisfied'

OW0707065395 *Beijing XINHUA in English*
0639 GMT 7 Jul 95

[FBIS Transcribed Text] Beijing, July 7 (XINHUA) — Most of the low-income families in Beijing are satisfied with their current quality of life, while the high-income ones are dissatisfied and reluctant to classify themselves as "upper class".

According to a survey carried out by a polling company and published in today's "Beijing Daily", most of the 500 respondents were of the opinion that their current lives are better than they were a few years ago, while

the rest found no changes or described the quality as dropping.

About 0.6 percent of those surveyed said that they belonged to the upper class, 11.5 percent above the middle class, 56 percent the middle class, 26.5 below the middle class and 5.5 the lower class.

Also, 45 percent had an average monthly salary of less than 400 yuan (about 47.6 US dollars) and were the most satisfied with their present life quality. Most of them thought they were in the middle class, while only 12.6 percent admitted they were in the lower class.

Some 0.5 percent of the middle class, with monthly earnings ranging from 400 yuan to 800 yuan, thought they belonged to the upper class, while 8.6 percent thought they were just above the middle class.

However, nobody who had a monthly salary of over 800 yuan considered that they belonged to the upper class, and two-thirds of them said they were typical of the middle class.

Experts said the low-income class are accustomed to the traditional way of living and low expenditure, and usually compare their lives with those of families who have the same income, making them easily satisfied.

But the high-income class have a strong sense of "psychological poverty", although they actually enjoy a better quality of life. They often have stronger consumption desires and try to associate with those who are still better off than they are, the experts added.

Hebei Secretary on Grass-Roots Organizations

SK0707041195 Shijiazhuang HEBEI RIBAO
in Chinese 21 Jun 95 pp 1, 2

[FBIS Translated Text] At the 20 June provincial conference on improvement of rural grass-roots organizations, Cheng Weigao, secretary of the provincial party committee, gave a speech emphasizing his opinions on how county (city) party committees should play a key role in improving rural grass-roots organizations.

It is imperative to understand the importance and urgency of the endeavor of strengthening rural grass-roots organizations from the perspective of consolidating the position of the ruling party.

In the new situation in which reform, opening up, and the modernization drive are accelerated, the party Central Committee has time and again emphasized the need to attach importance to strengthening rural grass-roots organizations with party organizations as the core. This is not only because agriculture is the foundation of the national economy and sustained, speedy, and healthy economic development is impossible without

a solid agricultural foundation; and not only because peasants account for the vast majority of China's population and moderate prosperity of the entire country is impossible without the moderate prosperity of rural areas; but it is also because worker-peasant alliance is the foundation of the people's democratic dictatorship, peasants' support for and reliance on the party constitute the foundation for the governing of the Communist Party, and rural grass-roots organizations with party organizations as the core are the foundation for our party to survive, develop, and play a leading role in rural areas. If the foundation is not solid, the consolidation of the worker-peasant alliance will be affected, and the foundation for the party's ruling position in rural areas will be shaken. Generally speaking, our rural grass-roots party organizations are being strengthened step-by-step, and most of the grass-roots party organizations are good or fairly good. However, we should also admit that there are indeed many problems. In some rural areas, grass-roots party organizations are at a standstill, and the party's role is seriously weakened. This results in backward economic development, serious chaos in public security, loss of the guarantee for the democratic rights of the masses as the masters, rampage of evil forces, and even the control of a few villages by degenerate elements, bad elements, and some reactionary forces. In others, the party's grass-roots organizations exist only in form, and they enjoy no prestige among the masses because they are seriously disunited, and their members accuse one another, fouling things up. In still others, leaders are incompetent, lack the ability to lead the masses to develop the market economy, shake off poverty, and achieve affluence, demand too much from the masses, and provide too little service to them. As a result, the party organizations lack the ability to rally and unite the masses and have difficulty in doing all work. In particular, what we should pay great attention to is that a considerable part of rural grass-roots cadres have impure ideology and work styles, are dishonest in official duty performance, and resort to coercion, commandism, and oversimplified and crude way of doing things. These problems show that some rural grass-roots organizations have become a serious problem we should pay great attention to. If we fail in addressing the numerous problems in rural grass-roots organizations, not only will we be unable to bring moderate prosperity to peasants and achieve social stability, but also our party will be divorced from the masses and lose the foundation for its governing position. Party committees at all levels, county party committees in particular, should have a profound understanding of this and attach great importance to it. If not, they prove that they are politically immature and not clear-headed.

County party committees should clarify their positions and responsibilities and enhance the awareness in improving rural grass-roots organizations.

Both the fourth plenary session of the 14th party Central Committee and the national work conference on rural grass-roots organizations pointed out that party committees at all levels should be responsible for improving rural grass-roots organizations with party organizations as the core, but county party committees are the key to this work. There are several reasons for defining the "key" role. First, in the party's leadership system, county party committees are at a middle level connecting those at higher and lower levels. They are responsible not only for implementing the party's line, principles, and policies at the grass-roots levels but also for making policies for local important political and economic issues. Second, in administrative areas, county is a basic unit, and its party committee holds the responsibility for directly leading and organizing rural grass-roots units to carry out various work tasks. To ensure that all the tasks are fulfilled, the county party committee has the right and the responsibility to improve grass-roots party organizations. Third, improvement of grass-roots organizations is a systems engineering project requiring not only improvement of grass-roots party organizations, which constitute the core, but also coordinated improvement of villagers' organizations of autonomy, village economic organizations, people's mediation and security organizations, youth organizations, women's organizations, and militia organizations. This work requires that county party committee coordinate the efforts of all quarters to implement. Therefore, in doing every work, county party committees should clearly understand their "key" position, shoulder the "key" responsibility, and conscientiously do a good job in improving rural grass-roots organizations. Judging from the current situation, most of the county party committees in Hebei have increased efforts in improving grass-roots organizations, acquired a clear understanding, adopted effective measures, and achieved notable results thanks to the thorough implementation of the guidelines of the fourth plenary session of the 14th party Central Committee and the across-the-board implementation of the project to achieve moderate prosperity. Failing to put their understanding, work, work styles, and responsibility in place, however, a small number of county party committees have yet to hold their "key" responsibility and play their "key" role. It is hoped that after this conference, county party committees will further enhance the awareness of responsibility for improving grass-roots organizations, will truly enhance the sense of the "key," shoulder the "key" responsibility, enter the "key" role, adopt "key" measures, and perform the "key" functions, and will take

the initiative in successfully improving local grass-roots organizations.

We should give prominence to five major tasks in order to meet the requirement for "five successes" in improving grass-roots organizations.

We should firmly focus on the moderate prosperity project to promote rural grass-roots organizations. Promoting the moderate prosperity project and leading the masses in achieving a moderately prosperous life as soon as possible are the prime tasks of rural grass-roots organizations. Party committees and governments at all levels should firmly embrace the guiding thought of focusing on the moderate prosperity project to improve rural grass-roots organizations, coordinate the project with the improvement of rural grass-roots organizations, judge the results in improving grass-roots organizations with the results of the moderate prosperity project, and ensure the accomplishment of the project through the overall improvement of grass-roots organizations. Judging from the specific conditions of grass-roots levels, a village should have its party members take the lead in achieving affluence, should lead villagers to achieve affluence together, and should develop village-run enterprises to achieve collective affluence if it is to realize moderate prosperity. What we should particularly emphasize is that we should actively develop the collective economy and strive to expand the village-level economic strength while helping villagers achieve affluence through labor and increase their income.

We should keep the key link—leading body improvement—in view when facilitating the improvement of rural grass-roots organizations in a comprehensive manner. To comply with the requirement for "five successes," we should first select good secretaries and establish good leading bodies. On the one hand, we should comprehensively improve grass-roots party branches to meet the requirement for "five successes," and on the other hand, we should organize forces to rectify weak and slack grass-roots organizations and strive to wholly complete the rectification of such organizations in three years in line with the requirements of the fourth plenary session of the 14th party Central Committee. The key to this rectification also lies in selecting good secretaries. All county party committees should spare no efforts to select well the party branch secretaries of these localities. They should promote young and outstanding party members to the leading posts of party branches, and when suitable candidates are few for the time being, they should be determined to select people from the county. They should intensify the training, education, management, and supervision of rural grass-roots cadres to continuously improve their political quality and work ability.

Rural cadre security system should be established based on specific local conditions so that cadres will have room to accomplish something when used, will feel at ease when retired, and will be supported when they are old, and village-level posts will truly become glorious and appealing ones. Channels for the smooth exchange of information on rural grass-roots work should be established at county and township levels so that problems can be discovered and solved promptly.

We should do a good job in recruiting party members from outstanding youths in rural areas. In many localities, this has become a very urgent issue. We must have strategic insight, upholding standards and ensuring quality on the one hand, and emancipating minds and changing concepts on the other. Young peasants should be actively trained as long as their basic quality is good and they are willing and able to lead the masses to achieve prosperity together. Those qualified should be recruited into the party in a timely manner. Regarding the townships and villages which have not recruited party members for a long time and whose party member contingents are aging to a serious extent, in particular, we should help them remove obstacles and achieve success in this work.

County party secretaries should devote great efforts to improving grass-roots organizations. County party secretaries are the "first responsible persons" for improving grass-roots organizations. Their prime responsibility is party building no matter how heavy their tasks are. Improving grass-roots organizations is an important aspect of the overall work. Not only should they cultivate advanced examples, but also they should pay attention to the backward localities where problems are numerous and help them change their backward outlook and transform into advanced ones. When improving grass-roots organizations, party secretaries should hold the responsibility as due "first responsible persons," and deputy secretaries in particular should exert utmost efforts all the more. Standing committee members and members of other major leading bodies should also pay attention to this work and rally their forces. Each member of the major county leading bodies should establish ties with one township or several villages, and should go there often to give specific guidance. Departments directly under county organs should also clarify responsibility, assign tasks, and participate in the endeavor to improve rural grass-roots organizations.

We should give play to the role of town and township party committees. In improving rural grass-roots organizations, county party committees are the key and town and township party committees are the "lead." Town and township party committees' functions in improving grass-roots organizations should be strengthened and

improved. Some localities have made it a rule to pursue the liability of relevant town or township party secretaries and deputy secretaries in charge if a village party branch is at a standstill for over a month and is not rectified in a timely manner. I think that this is a correct and effective measure. Only when the key responsibility of county party committees is integrated with the "leading" role of town and township party committees can concerted efforts be made and success be achieved in improving grass-roots organizations.

Hebei Secretary on Entrepreneur Contingents

SK0707090495 Shijiazhuang HEBEI RIBAO
in Chinese 16 Jun 95 pp 1, 2

["Excerpts" of speech by Cheng Weigao, secretary of the Hebei Provincial CPC Committee, at the provincial symposium on the strategy for building and developing the entrepreneur contingent held on 23 May]

[FBIS Translated Text] This symposium was held according to the suggestions of the provincial party committee and government. The main topic of discussion at this symposium was the "Strategy of Hebei Province for Building and Developing an Entrepreneur Contingent" and the "Regulations of Hebei Province Governing Entrepreneurs," drafted by the Hebei Provincial Entrepreneur Association. I made several opinions to conclude this symposium.

1. Strengthening the Construction of Entrepreneur Contingent Has Become an Important and Urgent Task for Deepening the Reform of the Economic System and Promoting the Development of the Economy

Reform and development are two major strategic tasks for the whole party and the whole country. To realize these two major strategic tasks, we must cultivate and bring up a grand entrepreneur contingent because entrepreneurs are not only dominant forces to promote enterprises' scientific and technological progress, set up a modern enterprise system, and promote the development of the economy but also main forces to make enterprises enter and participate in markets and to build the socialist market economic system. Under the current situation where the market economy is quickly developing and the economy of our country is being linked up with the international economy step by step, enterprise responsible persons still fail to extricate their ideas, awareness, behavior, and quality from the influence and restrictions of the old planned system; and the contradictions surfacing due to their failure to suit the objective situation become more prominent. The noticeable indicators for these contradictions are that enterprises lack vitality and product mix, scientific and technological progress,

and management scale is entirely unsuitable for market competition at home and abroad. Affected by these contradictions, enterprises' development and efficiency have been restricted. Strengthening the construction of the entrepreneur contingent involves not only questions which should theoretically and deeply be probed into, but also many practical problems that should be solved, and it has become an extremely important and urgent task ahead of us.

Under conditions in which the overall economic system is turning itself from the planned economy to the market economy and enterprises are changing themselves from relying on governments and submitting to plans to cater to markets and exercise independent management, we should focus on accelerating the change of enterprise responsible persons' ideas and behaviors; strive to upgrade their quality; make the existing state-owned enterprise responsible persons become specialists in the aspects of persisting in the basic line of the party, suiting the requirements for the market economy, increasing revenues, guaranteeing and increasing the value of state property, increasing staff members and workers' wages, ceaselessly improving their living conditions, enhancing competitiveness, independently and bravely assuming responsibility, running risks, doing pioneering work as soon as possible, blaze new trails, have the spirit of arduous struggle, and be good at management. These are the requirements for our so-called entrepreneurs. Only by so doing will our enterprise reform smoothly progress, our enterprise structure improve rapidly, economic efficiency effectively improve, and state-owned enterprises rapidly extricate themselves from the strained circumstances and actually become vigorous.

Plant directors and managers must obtain high qualifications in order to actually become socialist entrepreneurs and particularly in order to become entrepreneurs suitable to the market competition. At present, we must vigorously enhance our awareness in the following four aspects: First, the awareness of strong competition. Plant directors and managers should bravely send their enterprises and products to domestic and international markets for competition and have the daring to win success and develop through competition. Second is a strong sense of development. Instead of working on a small scale and in an ordinary way, they should have the courage to undertake large-scale projects, pursue large development, employ scaled operation and the operation of enterprise groups, participate in market competition, win the largest possible share in the market, earn the greatest possible profits, and strive for the largest possible increase in value. Third is a strong sense of science and technology. They should be determined to invest

their profits in personnel training, scientific and technological development, and technical transformation to the maximum so that there will always be a strong support and reserve strength for enterprise development. Fourth is a strong sense of reform. They should have the courage to greatly facilitate the reform of the internal organizational structure and the three systems of enterprises, strengthen enterprise management, and have the ability to stimulate the enthusiasm of staff members and workers. Only when they enhance the sense of these work can they firmly gain the initiative in the fast changing situation in market competition and continuous scientific and technological advance.

2. We Should Train and Expand the Contingent of Entrepreneurs Amid Market Competition

Entrepreneurs, as the essential elements of production, should be generated, should show themselves, and should be selected and eliminated through the competition in the market economy at the time when we are developing the socialist market economy. Persons in charge of enterprises should become a professional and market-oriented contingent of entrepreneurs independent of government officials. The gradual establishment of the socialist market economy system has provided a good environment for bringing up a large number of socialist entrepreneurs; and the accelerated expansion of the contingent of socialist entrepreneurs has also added momentum for the formation of the socialist market economy system. However, both the change in the functions of government departments and the concepts of enterprise managers themselves, both the growth of the market and the transformation of the enterprise mechanism, and both the economic system and the political system are incompatible in many aspects with the present situation in which the old systems are transforming into the new and the economy is changing. This brings adverse influence on the generation and expansion of the large number of entrepreneurs. Our task is, in the process of speeding up the establishment of the socialist market economy system, to create favorable conditions for the accelerated expansion of the contingent of entrepreneurs and establish a set of mechanisms for bringing up, encouraging, regulating, and ensuring entrepreneurs, which follow the law governing economic development, which help entrepreneurs become professionals, and which conform to market competition. Judging from the current conditions, the key is to resolve the following issues well.

First, we should reform the present system for the management of the cadres of state-owned enterprises. We should be determined to abolish the administrative levels of enterprises, change the method of dis-

tributing enterprise managers through administrative means, exclude entrepreneurs from administrative control, and following the stipulations of the "Enterprise Law" and "Company Law," gradually establish a mechanism whereby entrepreneurs are generated through competition and market distribution.

Second, we should establish an entrepreneur encouragement mechanism which combines the incentives of interests and the incentives of undertakings. To stimulate enterprise managers' enthusiasm for opening up markets, achieving development, and pursuing efficiency, we should respect their relatively independent pursuit of interests so that their interests can be integrated with the enterprises' long-term development interests and an encouragement mechanism conducive to their growth can be established. The key point is to formulate systems under which the income of managers is linked to the operation performance of enterprises so that the income will be market-oriented, open, and not given wantonly. This way, entrepreneurs who have contributions will truly earn high income legally. Meanwhile, their status and the honor given them should be correspondent with the development of their undertakings and their own performance.

Third, we should achieve success in conducting supporting reforms for establishing the restriction mechanism of entrepreneurs. When we establish the encouragement mechanism of entrepreneurs, we should also build a set of restriction mechanisms for entrepreneurs. In terms of markets, the restriction can cultivate the entrepreneurs' sense of self-restraint and increase their sense of crisis towards management failures, enterprise recession, loss of fame and profit, and even loss of jobs through the perfection of the various markets for essential factors. In terms of the economy, the restriction relates the income of the individual managers with the economic efficiency of enterprises. In terms of duty, individuals who should hold themselves responsible for the collapse of enterprises would be dismissed from their offices in accordance with the different nature of enterprises. For those incurring grave losses in property of enterprises and the country because of dereliction of duty, legal liabilities should be pursued. In terms of management, the restriction mainly means to improve the supervision over finance, laws, investors, and workers.

Fourth, we should establish an entrepreneur security system whose main content is social security. The entrepreneurs shoulder abundant responsibility, make many contributions, obtain great benefits, and run a tremendous risk. A set of complete security mechanisms should be established to free them from the trouble back at home, and make them take it as their life-long career

to be entrepreneurs and wholeheartedly achieve success in managing enterprises.

The professionalization of entrepreneurs is an indispensable tendency in the development of the market economy. In transforming the managers of the state-owned enterprises into professional entrepreneurs, we should respect the objective law of the market economy; and cultivate, select, or eliminate the managers of enterprises through the market competition mechanism. The party committees and governments of upper levels should not follow the old administrative means to administer the leading cadres of enterprises, and instead, they should fully respect and bring into play the function of market allocation. In the process of building a modern enterprise system, the leadership of the party should be improved. Through legal procedures, the party organizations can still appoint or recommend cadres to some important state-owned enterprises, especially the large-scale monopoly enterprises concerning the national economy and the people's livelihood. For the other state-owned enterprises and the different types of enterprises, such as sole-funded state-owned enterprises, limited liability companies whose shares are controlled by the state, and limited liability stock companies, the emergence and growth mechanism of the directors and managers should be in line with the market laws, the "Enterprises Law," and the "Company Law." In these enterprises, the principle of the party administering cadres should be used particularly in the inspection and supervision over the criteria and procedures for appointment, and performance merit.

3. Governments at All Levels Should Create Necessary Conditions and a Nice External Environment for the Growth of Entrepreneurs

Directors and managers of state-owned enterprises and other kinds of enterprises, cannot automatically become real entrepreneurs as the planned economy transforms into a socialist market economy. On the one hand, directors and managers of enterprises should study on their own and improve themselves to carry out "two leaps" from managers for production organization to commodity managers, and then from commodity managers to capital managers. On the other hand, the entrepreneurs need the assistance from the party committee and government to optimize the external environment and to create development conditions for them. The tasks regarding this aspect are mainly, as follows: First, we should create conditions for the independent management of enterprises. Under socialist market economic conditions, enterprises are the main body of markets, and enterprises aim at seeking the biggest benefits from capital management and also ensures the ceaseless in-

crease in the investors' capital value and the staff members and workers' income. Under the market economic system, the governments and the departments responsible for enterprises' work must conscientiously change their functions and their ways of behavior and set up a new type of relationship between governments and enterprises. One of the most important principles is to return to enterprises the independent management rights that enterprises used to possess. This is to say, according to the regulations stipulated in the "Enterprise Law" and the "Corporate Law," the governments should conscientiously handle affairs that should be managed and served by the governments and resolutely refrain from managing affairs that they need not manage, so that enterprises will really be independent and responsible for their own profits and losses and capable of transforming and developing themselves.

Second, we should create conditions under which entrepreneurs compete with one another on equal terms. Through market competition and survival of the fittest, enterprises are provided with a vast field for doing pioneering work and developing. However, in the period of replacing the planned economy by the market economy, both the old and new systems' functions are working, resulting in unequal competition. Three major indicators are as follows: First, under the situation where the old benefit pattern has not been eliminated completely and the new benefit pattern has not been set up, those who gain benefits from the old benefit pattern often create excessively more obstacles for market activities in order to protect their vested interests. A string of "three wanton" phenomena emerge as a result. Second, the rules and regulations governing the setup of the socialist system have yet to be perfected. Some enterprises refuse to standardize their market activities since the phenomena of neither abiding by, nor strictly enforcing the existing laws remains. Thus, producing fake and bad-quality commodities, illegally infringing upon others' rights, being behind in payments for goods, and evading debts can be seen everywhere. Third, natural resources were not distributed reasonably under the previous planned economic system. Thus, markets fail to bring into full play their functions for distributing natural resources, and enterprises still fail to embark on the same track. Under such an environment, enterprise managers cannot but exert great efforts to deal with the external environment and the unequal competition. Therefore, the governments at various levels must vigorously strengthen the setup of legal systems, standardize market activities, smoothen socialist market economic operations, and strive to create equal competition conditions for entrepreneurs.

Third, we should create conditions for enhancing entrepreneurs' motivation for forging ahead. Why did our enterprise managers lack motivation in the past? The reason was that we failed to fundamentally eliminate "bureaucracy" and "the practice of everybody eating from the same big pot." We should have the society as a whole understand this fact and this principle. That is, if state-owned enterprises do not fully mobilize entrepreneurs' enthusiasm and have them work arduously in market competition, it will be impossible to increase state revenue, the value of state property, and the income of staff members and workers. Therefore, we should not only set up a mechanism of linking managers' work achievements with enterprises' economic results, but also create a good mass media environment. With the social mass media's understanding, assistance, and support, a social environment which is conducive to the growth of entrepreneurs will take shape. We should have everyone realize that higher payments for entrepreneurs with great contributions conforms to the market economic law. We should have the daring to have entrepreneurs gain higher economic returns and higher social positions so as to make entrepreneurs become ones that the people yearn for.

Major reasons why such an environment and conditions have not been established successfully include the following. The change of the market system is not in place, and old concepts still find a large market, resulting in some government departments' stagnation in the change of functions for the purpose of defending their vested interests. Government departments at all levels should add impetus to reform, strengthen their function of service, reduce irrational intervention, avoid infringement on the rights of enterprises, and make efforts in the above-mentioned three tasks in order to promote the expansion and development of enterprises and contingent of entrepreneurs.

4. We Should Promote the Building of the Contingent of Entrepreneurs in an Active and Step-By-Step Manner

Building a contingent of socialist entrepreneurs is a systems engineering project and an important reform to be conducted in coordination and in step with the reforms in other fields. It not only needs a long-term plan, but it also needs down-to-earth efforts in its promotion. In October last year, the provincial party committee and government formulated and issued the "several opinions on strengthening the contingent of socialist entrepreneurs." To successfully implement this document and promote the building of the contingent of entrepreneurs, the following 10 tasks should be prioritized this year and next year. First, according to the opin-

ions raised in this symposium, the "Hebei regulations on entrepreneurs" should be conscientiously amended and promulgated as administrative regulations first after being discussed and approved at the executive meeting of the provincial government. Second, formulation of the plan for categorizing and grading Hebei's enterprises should be stepped up. The administrative levels of enterprises should be abolished, and an objective and fair system should be actively established to appraise enterprises based on their economic scale and efficiency so that a new system to categorize and grade enterprises can gradually take shape to meet the requirement of the economic law. Third, an enterprise leading cadre management system compatible with the needs in the market economy should be established. The provincial committee for the management of state-owned assets should be established within this year. Fourth, the managerial rights of enterprise leaders should be properly adjusted, and the right to employment should be further granted to enterprise directors and managers. The procedures for screening and approving the employment of enterprise leading cadres should be further simplified in line with the requirements for enterprise reform and establishment of the modern enterprise system. Fifth, a mechanism to encourage entrepreneurs should be established. New and clear regulations should be drawn up concerning the criteria for categorizing and grading enterprises, the methods and procedures for appraisals, and the upgrade and downgrade of enterprises. Methods should be established to define entrepreneurs, outstanding entrepreneurs, and entrepreneurs with prominent contributions. Next year, activities will be carried out to define entrepreneurs of state-owned enterprises and to select and commend outstanding entrepreneurs and entrepreneurs with prominent contributions. The annual salary system should be tried out at a large number of large and medium-sized state-owned enterprises this year. Sixth, the training of entrepreneurs should make prominent headway. The organization department of the provincial party committee should take the lead in formulating a set of systems for the regular training of entrepreneurs. A provincial-level entrepreneur training center should be built. While making the best of the various types of teaching bases to conduct the training, all localities should exert active efforts to build regular entrepreneur training bases or centers. Seventh, we should expedite the building of the markets for entrepreneurs. Currently, we should further consolidate, develop, and improve the entrepreneurs market in Tangshan, and actively create favorable conditions for establishing an entrepreneurs market in Shijiazhuang or establishing regional markets in the localities where conditions permit. Entrepreneurs markets and talents markets should be integrated. Eighth, publicity through the media on the theories on

improving the contingent of entrepreneurs should be intensified. We should give wide publicity to the status, role, contributions, and value of entrepreneurs so that they will be understood and respected by the entire society. Ninth, we should draw up laws and regulations to safeguard the legal rights and interests of entrepreneurs, standardize the behaviors of law-enforcement and supervisory departments, and create a good law environment to encourage enterprise managers to have a free hand in pioneering new projects within the framework provided by laws. Tenth, the activities for 10,000 enterprises to appraise government departments should be held at the end of this year.

Shanxi Coal Base Boosts Exports

OW0707072395 *Beijing XINHUA in English*
0648 GMT 7 Jul 95

[FBIS Transcribed Text] Taiyuan, July 7 (XINHUA) — The Datong Mining Administrative Bureau, China's largest coal producing base, exported nearly two million tons of coal in the first half of this year, up 14.3 percent over the same 1994 period.

The export figure for the base, in north China's Shanxi Province, reached 1.96 million tons, some 245,500 tons more than in the first half of last year.

The bureau recorded coal exports totalling 19.13 million tons during the past nine years, generating an accumulated 78.31 million U.S. dollars in foreign exchange, officials noted.

The coal is mainly sold to Asian countries and regions, including Japan, the Republic of Korea, Taiwan and Hong Kong, the officials said.

Last year the bureau exported 3.62 million tons of coal. And the figure is expected to hit 4.29 million tons this year, they said.

Northeast Region

Heilongjiang Secretary on Economic Environment

SK2206065295 *Harbin HEILONGJIANG RIBAO*
in Chinese 10 Jun 95 pp 1, 4

[Speech by Yue Qifeng, secretary of the Heilongjiang Provincial CPC Committee, at a meeting to summarize and report on the province wide discussions on improvement of the economic development environment on 9 June]

[FBIS Translated Text] 1. Improving the environment for economic development is an important measure to implement the provincial party committee's general idea for economic development.

Heilongjiang has seen great economic and social development since the third plenary session of the 11th party Central Committee. However, it has also missed several opportunities for development, which has resulted in the notable, and furthermore increasingly widening, gap between its economic development and that of elsewhere in the country. Sluggish economic development has led to tight budgets, heavy debts, and a series of social problems, such as delayed wage payment on the part of enterprises and the poor public security situation. Judging from this, sluggish economic development is the major contradiction and major problem facing Heilongjiang. Accelerating Heilongjiang's economic development is the foundation for solving all social problems, and is also the basic starting point and end result of our consideration of all issues.

To resolve this major contradiction, the provincial party committee and government have taken Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide and have conducted in-depth investigation and study, further emancipated the mind, enhanced the understanding of the provincial situation, and conscientiously summarized the experiences and lessons in reform, opening up, and economic construction. After this, they have defined a general idea for economic development emphasizing "no slack effort in the first battlefield—agriculture and state-owned enterprises—and an active effort in opening up the second battlefield," which has by and large received the consensus of the cadres and the masses throughout the province. Thanks to the common practice and concerted efforts of the people across the province, initial success has been won in implementing this idea. Last year saw the fastest development rate in nearly 10 years, and the largest increases in urban and rural people's income and in savings deposits in recent years. Following up last year's achievements, Heilongjiang's economic and social development continued to develop in a good direction from January to May this year. As long as we implement this idea without wavering, we will certainly be able to guide Heilongjiang's economy to the track of sustained, rapid, and healthy development.

An important guiding thought of the general idea for economic development as defined by the provincial party committee is to fully stimulate the enthusiasm, initiative, and creativity of grass-roots units, enterprises, and the masses, and give them a free hand to greatly develop the various sectors of the economy, the diverse production, and the intensive processing, and to open up various channels for drawing in investment and various avenues for achieving prosperity, all in line with the principle of "three advantages," so that they will become the mainstay of investment, development, and

the market. This requires that we create a relaxed economic development environment, which the thousands upon thousands of major production and business enterprises and domestic and foreign investors will take advantage of to show their talents, to undertake development projects vigorously, and to vie with each other to achieve prosperity. However, the drawbacks of the traditional planned economy system lie precisely in the excessive centralism and excessively rigid control. The thousands upon thousands of grass-roots units and enterprises are used as the parts of a large machine, taking the compulsory exercise and unable to take their own move to reflect their function as the mainstay. Each department and each locality close their doors to implement their own system, and trained personnel are assigned according to mandatory plans to each unit to eat from the "common big pot." Such a situation has been changed to a great extent thanks to more than a decade of reform and opening up. However, as Heilongjiang is one of the first provinces to enter the front of the planned economy and one of the last provinces to retreat from it, and as it is still in the process of retreat, the outdated systems, organizations, regulations, concepts, and habits of the traditional planned economy are still seriously fettering the people. This plus the corrupt phenomena in party and administrative style, abuse of power to pursue selfish gains, extortion of money and materials, and the unhealthy trends resulting from such bureaucratic work styles of overlapping departments, complicated procedures, and impeded implementation of decrees has made Heilongjiang's economic development environment very rigid. We held several forums in February and March this year at which the largest and strongest complaint was the rigid economic development environment. Some entrepreneurs said with a deep feeling: "We cherish a deep love for this black earth where we were born and grow up. We are worried about the current economic development in the province, and angry about the difficulty to get things done in Heilongjiang. Our desire to develop is quenched, but we hate to give up."

The educated youth of Beijing, Tianjin, Shanghai, and Hangzhou, who had once settled down in Heilongjiang, said that they were enthusiastic about investing in Heilongjiang but were frequently given the cold shoulder. According to a poll conducted by the Harbin Federation of Societies of Social Sciences on 100 plant directors and managers of five cities (prefectures), 13 percent of those polled considered the economic environment good, 47 percent, average, and 40 percent, too poor. The rigid economic environment was also the "hot issue" discussed in people's letters. From January to May this year, I read more than 100 letters discussing this issue. There were also letters and visitors from other provinces

and cities who said that we had cheated them out of their money. This has seriously affected our credit and reputation. The provincial party committee will raise a suggestion in the near future to launch a crackdown on fraud in order to redeem our reputation and provide a good investment climate.

Many facts prove that the economy in the whole country, in recent years, has been developing like a runaway horse in recent years, which cannot be stopped; but the economy in Heilongjiang remains in a slump, unable to perk up. How we need trained personnel to show their talents in such a situation! How we need investors to come to Heilongjiang to undertake development! How we need the various types of enterprises to gain vigor and profits! However, the reality we face is that we are unable to hold onto some trained personnel, that some foreign firms are unwilling to come, that some enterprises have suspended production or are operating under capacity, that a large number of workers are laid off, that wages cannot be paid on time, and that enterprises have difficulty in gaining vigor. Stepping up efforts to improve the economic development environment is the common desire and strong demand of the people across the province and all the friends who are concerned about and cherish Heilongjiang. The provincial party committee holds that without improving the economic development environment, the provincial party committee will have difficulty in carrying out the general idea for economic development it has defined and may suffer setbacks, and Heilongjiang's strategic objective to achieve a 300-percent increase and a moderately prosperous life will not be attained on schedule. Although this is a problem accumulated over many years, a practice which dies hard, we cannot leave it unsolved just because of this. As a first-level party committee, if we fail to create a good environment for the economic development of Heilongjiang, fail to provide a room for its cadres and trained personnel to develop their talents, fail to protect the entrepreneurs and personnel of various specialties who have made contributions to local economic development, and fail to address the problems concerning "obstacles in between," we will feel ashamed facing the revolutionaries of the older generation who have devoted efforts to and shed blood for this black earth, the transferred 100,000 officers and men and the 1 million educated youths who have contributed to the development of the "northern wilderness," the iron man Wang, Ma Hengchang, Ma Yongshun, and other large numbers of heroic and model persons, and the 36 million people of Heilongjiang. It is precisely based on such a consideration that the provincial party committee and government regard the improvement of the economic development environment as one of the three fulcrums for implementing the general idea, and regard the cur-

rent provincewide discussions as an important measure to guarantee and promote development and put it high on their agenda.

2. Great achievements have been won in previous discussions, but the work to improve the economic development environment has just started, and the achievements must not be overestimated.

The discussions on improving economic development environment have featured integration of theory with practice, exposure of contradictions and drawbacks, and efforts to tackle tough problems, to present facts and reason things out, to draw inferences about other cases from one instance, and to adroitly guide action according to circumstances, thus avoiding empty discussions and realistically solving some specific problems. The discussions have brought about the following results: People have further emancipated their minds and updated their concepts, and the provincial party committee's general idea for economic development has been further implemented; we have begun to clean up, abolish, and amend the policies, regulations, and documents detrimental to economic development and have initially checked the wanton collections of donations, fees, and fines; we have begun to remove the "obstacles in between" and deal with and check corrupt acts, such as abuse of power for extortion and selfish gains; new concepts on employment and the mechanisms to protect enterprise managers according to law are taking shape step by step; and new changes have taken place in the party, government, and people's style throughout the province, and cadres and the masses have initially established a mindset featuring unity and all-out efforts to make progress. The discussions have played an important role in promoting Heilongjiang's reform, opening up, and economic development.

Reform has been promoted. We have made new strides in the reform, transformation, and reorganization of state-owned enterprises, and while accelerating the change of operational mechanism, adopted some reform measures such as separating ownership from management right and management on a commission basis, and vigorously developed diversified undertakings, tertiary industry, and the substitute industry; many troubled enterprises have scattered and broken out of the encirclement, broken out the whole into parts, and implemented the method of making large plants run small factories and carry out sideline production in addition to its main production; many localities have implemented the methods of giving "wage fields" and "labor protection fields," running family-based livestock farms, agricultural farms, and forest farms, and explored ways to resolve one's own difficulties; some state-owned large and medium-sized enterprises

have separated the rear-service departments, affiliated workshops, and "subordinate" enterprises from the "parent enterprises," marched toward the market and worked independently in line with the new mechanism. At present, coal and military industries have rapidly developed non-coal products and civilian products. New progress have been made in reform of the cadre system. The provincial party committee has selected and dispatched a batch of young cadres at the department and bureau levels to serve as secretaries of the county party committees, and a batch of young cadres at and above the section level to serve as secretaries of the township and town party committees, and promoted a number of secretaries of county party committees with outstanding political achievements to assume leading posts in the provincial-level departments. At present, the first group of 33 cadres to be exchanged with the higher and the lower levels have been put in place. During the discussion period, Suihua Prefecture has promoted and assigned 221 cadres with outstanding political achievements to important posts, and demoted 98 incompetent cadres. At present, the cadres' working principle proposed by the provincial party committee on "paying attention to practice, political achievements, and public opinions" has aroused the attention of the party committees, the governments, and the organizational departments at all levels.

Opening up has been promoted. Preparations for this year's "Harbin Trade Fair" are basically under way. The entry booths from China and other countries have all been arranged, the number of foreign businessmen to the trade fair are expected to increase by more than 1,000 over the last trade fair, which will be the greatest number of businessmen ever to the "Harbin Trade Fair." Japan has organized nearly 30 presidents of large enterprises to attend the trade fair, to hold trade talks and to inspect the province's investment environment. Relevant leaders of the province have led teams to six provinces and 10 cities in south China to conduct lateral cooperation and arranged more than 80 booths at the exhibition hall to show the cooperation with the south at the "Harbin Trade Fair"; 13 provinces (cities and prefectures) from China have formally organized delegations to the trade fair, and enterprises with foreign trade rights from 24 provinces (cities and prefectures) have also sent delegations to the trade fair. In order to develop our province's agricultural advantages, this trade fair will also invite agricultural business. After holding several forums in Beijing, we have made efforts to regularize and institutionalize the contacts with people from all circles, and established connection "channels" of various forms in various fields. During the "Harbin Trade Fair," we will also hold forums of intellectuals, and through them, stimulate the broad masses of intellectuals to

give play to their potential and role in making more contributions to Heilongjiang's development.

Development has been promoted. During the January-May period of this year, the whole province's economic situation and social stability condition were further improved. This year's summer plowing and sowing tasks were successfully completed with high quality under the situation in which we overcame spring cold spells and waterlogging rarely seen for many years. The rate of economic development was continuously accelerated, the total output value of industrial units at and above the township level amounted to 75.51 billion yuan, up 11.8 percent over the same period last year; the development rate has moved from the back row of the country since 1989 to the 20th place. The output value of state-owned industry increased from minus to 6.2 percent, and the non-state industry increased by 32.6 percent, large and medium-sized enterprises 5.7 percent, and township enterprises increased comprehensively and rapidly; township collective industry, in particular, increased at a high rate, the output value reached 10.8 billion yuan, and the margin of increase reached 81.5 percent; the total volume of imports and exports increased by 3.28 percent, of which, exports increased by 15.33 percent; local financial revenue increased by 60.13 percent. Thanks to the improvement in the economic situation and the increase in the employment avenues, the number of workers who could not receive regular wages declined. Through developing diversified undertakings, some enterprises had work to do and were able to issue wages to workers; and through seeking jobs and finding their own way out with their own efforts, many workers had regular income.

There were fewer group visitors. The province has basically safeguarded social stability. However, we must never be off our guard since there are still many difficulties and problems ahead of us. We should continue to carry forward the three great spirits of Heilongjiang, overcome difficulties, eliminate obstacles, work cautiously and solidly, and capture a new victory in the 1995 economic and social development. In the final analysis, improvement of the economic development environment is a reform through which superstructure is able to suit the economic foundation and the development of productive forces, and the political system is able to suit the economic system; a revolution in thinking, systems, and work styles; and a profound transformation through which the unreasonable rights hampering the development of productive forces and the unreasonable distribution of interests will be readjusted. So, the improvement of the economic development environment cannot be accomplished at one stroke since it is a reform, a revolution, and a transformation. Al-

though the provincewide discussion on improving the economic development environment, as a task of the current stage, will soon conclude, we still have a long way to go to fundamentally solve the problems relating to our economic development environment. Problems, which have even been solved, will take place again when our work is not solid. Simultaneously, along with the passing of time and the changing of the situation, new problems will possibly take place. Therefore, the work regarding the improvement of the economic development environment is of long-term importance. Particularly, the tasks for emancipating the mind and renewing ideas are still extremely arduous. A few days ago, HARBIN RIBAO carried two reports entitled "The Huangyan People Made a Good Deal in Harbin" and "The Shock Wave of 'Huangyan.'" These two reports were very good. A commentator's article entitled "A Lesson From the Huangyan People" published in the same paper was also very good. Zhengjiang's Huangyan people sold on Harbin's markets its products made from Harbin's raw materials. The Zhejiang people with the Huangyan people playing a leading role purchased nearly 4,000 tonnes of polypropylene from the Harbin oil refinery with a yearly production capacity of 5,000 tonnes. They used our raw materials to produce plastics at their plants and then sold the plastics to Harbin. They earned more than 100 million yuan yearly from the Harbin people. Now, they make further developments. They ran plants in Harbin to earn our money. Similar cases are not limited in Harbin only, but exist in the whole province. For instance, Daqing general petrochemical plant resells to other provinces a large portion of the chemical industrial raw materials covered in our province's distribution quota. So, some of our enterprises "eating ration grain" are in the state of "being hungry." The output value of the province's chemical industrial trade only accounts for 5.3 percent of the province's total industrial output value, less than a half of the national average figure. Some provinces, such as Zhejiang and Fujian, do not produce a drop of oil at all but regard the petrochemical industry as their pillar industries. Our province, though being a large province in terms of petroleum production, is rather weak in the chemical industry. This proves the arduousness of our tasks for emancipating the mind, renewing ideas, and improving environments. Now, discussion has concluded. But, I suggest comrades read these two reports and the commentator's article. I hope that this will really help produce a powerful shock wave against our province's old system and old ideas and the situation of begging for food and living a poor life on the "golden mountain." By taking these as examples, drawing inferences about other cases from one instance, and discussing principles as things stand, we should solve

the problems of such types as having no persons to think and do since we have raw materials, markets, techniques, a large number of plants whose production has totally or partially been suspended, a large number of workers whose wages cannot normally be paid, and a large number of jobless persons. Many town and township enterprises try to find projects at all places but despise and refuse to see and do the projects of these kinds. When these problems are solved, Heilongjiang will turn itself from a large province in terms of farm and sideline products, raw materials, science and technology, and natural resources to an economically large, powerful, and rich province. In short, although the discussion concludes, the improvement of the economic development environment must be grasped perseveringly, unswervingly, regularly, repeatedly, and thoroughly. By so doing will we give great impetus to pioneering the "second economic development battlefield," accelerating our province's economic development, and resolving as soon as possible the major contradictions ahead of the province.

3. We should persistently and effectively carry out the work to improve the economic development environment, with the focus on implementing the provincial party committee's general idea for economic development.

Over the past year and more, the provincial party committee has prioritized the formulation and implementation of the general idea for economic development; employed new concepts to improve large and medium-sized state-owned enterprises; and launched the discussions on improving the economic development environment. It has achieved notable results. Regarding the improvement of the economic development environment, we have created a good beginning by holding the discussions in the last few months. However, the task remains heavy and the journey long if we are to consolidate the achievements already scored and turn the work of improving the economic development environment done in the previous period into work to be carried out on a regular basis. Therefore, we should devote more efforts to the following three aspects.

A. We should emancipate our minds and proceed from the basic principle of "three advantages" and from accelerating Heilongjiang's economic development in doing everything. This is the premise, prerequisite, and basic purpose of improving the economic development environment. There are things obviously harmful to economic development, but why is it that everyone claims to be in the right? The crux of this lies in the shackle of "leftist" and outdated ideas, in some people's hard efforts to protect the interests of their own departments and small groups and their own personal interests. For

example, individual household businesses are collecting 88 kinds of fees, of which 24 are stipulated in documents but are obviously unreasonable, and 10 are not stipulated in documents at all; and they have to wait for three to six months before they obtain licenses. Enterprises and laborers bitterly hate the difficulty to get things done, the too many procedures to go through, and other problems and strongly demand improvement. However, pertinent departments are quoting "regulations" and "laws" to stubbornly stick to their practice. Their purpose is to protect the interests of their departments and small groups. Another example is state farm reform. In 1985, 137,000 household-based farms were established in the land reclamation area, which were praised by staff and workers. However, pertinent leaders said that such farms changed state ownership; and, therefore, most of the farms were disbanded in 1986. Although the farms were restored one after another later in line with the guidelines of the central authorities and the provincial party committee, debate arose again in 1990 on whether such farms were "socialist" or "capitalist." The household-based farm of Li Yan, "China's grain king" who sold nearly 6 million jin of grain to the state, was believed by a certain expert to be of the "capitalist nature" and merged with another large farm although it should be allowed to continue as stated in a written instruction of a central leading comrade. This also caused chain reactions. This problem was thoroughly solved only after Comrade Xiaoping's speeches made during his south China inspection tour were published. When household-based farms became universal, their incompatibility with the overlapping administrative organizations and the managerial systems featuring mixed government functions and business management, barriers between different regions and different departments, and low-level duplicate construction became prominent. When we proposed for investigation and study and pilot work for reform, some comrades said: "The current system for farms is the most reasonable," and "Reform will affect stability and agricultural production." In the final analysis, such an abnormal phenomenon also aimed at protecting the vested interests. In some cases, which had been investigated by discipline inspection commissions and discussed by their standing committees, the basic facts were very clear. To protect their own interests, however, some departments judged the deception of Chinese people by foreigners as the other way round and violated laws and discipline to a serious extent in the process of handling the cases. A person who made a new medicine applied for approvals to his documents and patent to relevant departments, but was rejected. However, a businessman from another locality stole the patent and obtained approvals smoothly, and relevant personnel even went so far as to go to the business-

man's home to help him plan. This businessman fled after obtaining over 10 million yuan of loans. In the process of investigating this case, the responsible persons of relevant departments, instead of providing information to coordinate, created all sorts of obstacles and willfully persecuted the people who told the truth. This was absolutely lawless. From the above-mentioned cases, we can see that it is really not easy to eliminate the shackles of the ideas of departmental and individual interests. These comrades should be given a hard slap on their back so that they will come to their senses. Corresponding organizational measures should be taken if they refuse to come to their senses.

At present, a considerable number of enterprises in Heilongjiang are running at half capacity or brought to a standstill, 60 percent of the enterprises covered by the budget have suffered deficits, and nearly 1 million workers cannot receive regular wages. In the face of this situation, we should unswervingly support and protect those who can make the people have work to do and food to eat, who can invigorate the enterprises running at half capacity or brought to a standstill, who can make money-losing enterprises end deficits and earn profits, and who can convert scientific and technological findings into economic wealth. Just as Comrade Xiaoping said during the 1960's that "Regardless of white cat or black cat, it is a good cat as long as it can catch a mouse." This is the fundamental principle and criterion for judging the success or failure of the work by seeing whether "it helps develop the productive forces of socialist society, augment the overall strength of the country and improve the living standards of the people." For example, Liu Wei, director of the Shiyitang Pharmaceutical Plant, who turned a money-losing enterprise on the brink of bankruptcy into a major profit and tax deliverer in a short span of five years, but he was dismissed from his post just because he argued with the plant leaders. The provincial party committee interfered with this case and restored Liu Wei's post as director of the plant. Similar cases show that all departments have their own criterion, but the "three essential criteria" are the highest ones, and that we have specific policies for doing all tasks, but the "three essential criteria" are the most important policies; there are specific guiding principles for all aspects of social life, but the "three essential criteria" are the most fundamental ones. Only by using the "three essential criteria" to judge the people or to discuss matters can we free ourselves from being hoodwinked by the outward phenomena, confused by minor issues, and puzzled by disputes of "two parties each saying he is right," and from the shackle of the "left, the old, and the vested interest," and can we eliminate obstacles in the course

of deepening reform and developing the economy and protect this work with a clear-cut stand.

B. We should deepen reform, improve systems, and make up our minds to readjust the relationship between power and interest detrimental to developing the productive forces. This is the permanent policy for improving the economic development environment.

In the course of organizational reform, we should improve the organs and mechanisms, delegate powers to the lower levels, change functions, and create conditions for improving the economic development environment. At present, organizational reform is being proceeded with in the provincial organs and will be carried out in cities, prefectures, and counties during the second half of this year. This is the best opportunity for consolidating and developing the results of the discussion on improving the economic environment. During organizational reform, we should act in line with the principle of separating government functions from enterprise management and of simplifying efficacy and delegate to enterprises all powers that should be delegated to them and all powers that should be delegated to counties and districts. As for some necessary administrative functions of examination and approval, we should not duplicate or overlap the functions, and should exercise the functions in a centralized manner in line with the principle of making things convenient for the grass-roots enterprises. We should clear up the organs responsible for giving fines and collecting fees, abolish those that should be abolished, and order some to amalgamate with other enterprises if necessary. The problems which we have argued back and forth, such as the problems of overlapping social insurance business and duplicating the procedures in examining and approving the investments made by foreign firms, must be resolved in the course of organizational reform.

We should do a good job in solving the problem on creating barriers between departments and regions and promote investigation, study, and experimental work in the integrated development of the regional economy. Barriers between regions and departments were formed under the traditional planned economic system over scores of years. They were prominently manifested in such trades as the petroleum industry, forestry industry, state farms, coal industry and military industry which have their own setups and are separated from other localities in their development. Fourteen cities and prefectures across the province generally have the problem of creating barriers between regions and departments. This problem exists in 59 out of the 69 counties (cities). Several cities and prefectures still practice the management system of combining government functions with enterprise management. This system which once played

a positive role in history is incompatible with the socialist market economy. In Yingchun Town of Hulin County with a population of only some 20,000 people, because the local government, the forestry industry and the state farms there have their own setups, have even respectively spent a large sum of money to build three power supplying units, 13 primary and middle schools, eight medical units, six water supplying units, four radio and television stations, four television relay stations, and five telecommunications departments, and they are not opened to one another. Although the agricultural farm and the posts and telecommunications bureau are located in the same building, the one on the upper floor has to telephone the one on the lower floor through a long-distance call because they do not belong to the same telephone network.

Although our province has financial difficulties and the strain on capital, it still spends lots of financial resources on low-level duplicate construction. If such a situation is not changed, it is by no means easy to create a lax economic development environment, to develop the socialist market economy, to quadruple the GNP, or to become moderately prosperous. Therefore, the provincial party committee and government decided to bring the solution of the problems caused by barriers between different regions and between different departments into line with their work agenda. From this year, we should organize necessary forces to extensively and deeply conduct investigations and study and also to carry it out on a trial basis in selected areas. An important principle governing both investigations and study and experimental work is accurately handling the relationship between reform, development, and stability. Reform is the fundamental motivation of development, development is the foundation for solving all problems, and stability is the prerequisite for reform and development. Only by deepening reform will we be able to accelerate the pace of economic development and to attain the goal of long-term peace and stability. If the problems seriously affecting the economic development are not solved, contradictions will certainly be accumulated and stability will be endangered. Thus, we should have firm confidence in reform, get rid of obstacles, and positively and steadily solve the problems due to barriers between different regions and between different departments. It is certain that the task for reform is extremely arduous and there are many obstacles for reform under the extremely complicated situation. Perhaps, the leading body of this committee will not be able to thoroughly accomplish the reform task. However, we should proceed from setting up the socialist market economic system, accelerating the pace of economic development, seeking wealth, becoming moderately prosperous, benefiting the people, and realizing the undertakings of the

party and the people; be determined to eliminate difficulties and obstacles; and strive to solve the problems in this regard. The reform should be grasped with perseverance and persistence. Only by so doing will we be able to create a good, systematic environment for economic development.

We should create systems, policies, and conditions for state-owned enterprises to break out of an encirclement and tide over difficulties by themselves. Forest areas have made preliminary achievements in following the path of tiding over difficulties on their own by breaking out of encirclement and managing and developing household-based forest farms. In 1992, Fengbang forest farm under Huanan forestry administrative bureau signed contracts on development of 2,272-hectare forest areas with 61 households. After one year, the farm became economically independent and paid all defaulted wages. After two years, the farm made profits; and it became not only more than self-sufficient but also handed over 100,000 yuan to the forestry administrative bureau. Of the 61 contracted households in the farm, 56 or 91.8 percent earned more than 10,000 yuan that very year, and the per capita income was 3,090 yuan. In the past years, Bamiantong forestry administrative bureau positively transferred personnel to vigorously develop a diversified economy, thus turning its accumulated deficits in 63 million yuan as of 1990 to 2.15 million yuan in profits in 1994. The general forest industrial bureau estimated that its difficulties could be resolved by itself so long as one third of its "five-barren" resources, totaling 7.92 million mu, could be auctioned and managed on a leasing or contracted basis. They calculated that when 100 yuan worth of saplings were planted on each mu of forest areas, 150,000 yuan would be earned 15 years later. The television station reported a few days ago that a peasant family moved to a barren hill and planted 600 mu of trees in 11 years, valuing at 6 million yuan. This peasant household's contracted property has reached 4 million yuan now. So, we should encourage such a kind of reform in order to accelerate the pace of making barren mountains green and discharging enterprises' heavy burdens. Mining areas have similar great potential for transferring their surplus personnel to run household-based agricultural, forest, and livestock farms. Daqing's per-mu rice field is equal to the value of two-tonne oil. So, we should vigorously grow rice, raise fish, and graze animals on oil fields' wasteland and deserted grassland and water surfaces. In this way, tomorrow's Daqing will become a vast expanse of oil fields with a forest of plants and a land of plenty.

The Jixi Coal Mining Administration diverted over 20,000 staff members and workers to develop various types of production. It also helped nearly 4,000 per-

sons establish household-based livestock, crop, and forest farms by providing them each 3,000 to 5,000 yuan of funds as capital. We should give firm support to the difficult trades primarily producing resources and help them take the road to diversify production, decentralize management, and resolve difficulties and achieve development through their own efforts. We should allow forest, mining, or land reclamation areas to set aside some reforested land and wasteland as "wage forests," "labor protection forests," "wage fields," or "labor protection fields" to be operated by their staff members and workers. When household-based crop or forest farms are established extensively, the afforestation of barren hills will be accelerated, agricultural development will be expedited, and a new road of resolving difficulties with our own efforts will be blazed. All our departments and localities should provide them relaxed environment and conditions.

We should create a good environment for building an agriculturally strong province in order to create another Heilongjiang. We should seize the current extremely good opportunity for rural economic development. The party Central Committee and State Council have attached great importance to agriculture and adopted a series of measures to adjust policies and increase investment. In addition, the demand for farm and sideline products outstrips supply, promising good market prices; peasants have unprecedented high enthusiasm; domestic and foreign investors deem Heilongjiang's agricultural resources promising and vie with one another to hold discussions with us on investment and development projects; and some industrial enterprises have also begun to divert redundant personnel to the agricultural field. For this reason, we should seize the opportunity, facilitate the industrialization of the rural economy, tap as soon as possible Heilongjiang's tremendous potential for agricultural and rural economic development, and develop Heilongjiang from a large agricultural province into an agriculturally prosperous and strong province. The fourth plenary session of the seventh provincial party committee will make a special decision on this issue. We should actively sell the rights to use waste hills, land, grassland, beaches, and water areas to provide a relaxed environment for investors from in and outside the country and the province to undertake development projects. We should adopt new mechanisms to carry out comprehensive agricultural development and intensive development and greatly develop animal feed, breeding, and food processing industries. We should make adjustments to make the geographical distribution and structure of crops more reasonable in the province, so that the construction of the major paddy rice producing areas in the Sanjiang Plan and the major wheat and soybean producing areas in Da Hingnan

Ling can be accelerated. We should conduct scientific appraisal of the transformation, the change of plantation plans, and the improvement of the 90 million mu of grassland in Heilongjiang so that the utilization, commercialization, and output rates of this part of land can be increased as soon as possible. In addition, we should organize the agricultural population to transfer from the densely populated areas to sparsely populated areas in a planned and orderly manner to develop and reclaim the land, and organize redundant industrial workers to divert to the agricultural field. We should implement the policy measures for "developing agriculture with science and education," encourage scientific and technical personnel to undertake planting and to demonstrate, experiment with, and disseminate new agrotechnology on a contract basis, and provide favorable conditions for them to show their talents. Geared to market demand, we should cultivate "dragon heads" and develop production bases to lead peasant households, and should provide good systems and policy environment for the industrialization of the rural economy and the great development of township enterprises. While making the agricultural sector a success, we should also pay attention to rural housing construction. This will not only help improve peasants' housing conditions, but will also create a micro climate for economic development to promote the township enterprises and the tertiary industry of rural areas and even the economic development of the entire province. This is also a part of the endeavor to help peasants achieve a moderately prosperous life. The provincial government held a conference recently and hoped that this part of the endeavor will be implemented.

C. We should use cadres and trained personnel well, support and protect the reformers, entrepreneurs, and able persons who have made accomplishments and contributions, and reshuffle the cadres who hinder reform and the development of productive forces. This is the organizational guarantee for improving the economic development environment. In optimizing the environment, the greatest obstacle is the man-made obstacle and the greatest waste is the waste of trained personnel. The unhealthy trends in personnel employment constitute a source of all types of unhealthy trends. Creating a mechanism and an environment for outstanding personnel to show their talents and nurturing, in the course of practice, the personnel who have real skills and ability are not only the key link of, but also the organizational guarantee for the endeavor to improve the economic development environment. The current situation is that, on the one hand, we lack a large number of the personnel who have emancipated mind, are unselfish, and know the economy and management, and, on the other, some personnel who have true ability to accomplish something are not used, protected, and supported. Therefore,

we should use cadres and trained personnel well in order to improve the environment.

We should be resolute in implementing the able person strategy and stress practice, performance, and public opinion. We should arm cadres with scientific theories, select and promote cadres according to their outstanding performance, judge cadres based on public opinion, guide cadres with the competition mechanism, and train and improve cadres through practice. This is the guiding thought and basic principle for Heilongjiang's cadres work for some time to come. When using cadres in the future, we should use those who are determined to change the outlook of their own localities and units, who work in a down-to-earth manner, who have undergone training through practice, and who really have experience. Never must we use those who have a perfunctory work style, who are used to standing high above the masses to give orders, who are unwilling to go to difficult places, who seek pleasure and shun hardships, and who aim at "getting gilded" instead of developing work when going down to lower levels. We should use those who are responsible to the people and work, who have the courage to pioneer the way forward and are able to start work immediately, and who are regarded by the masses as meritorious. Those who defy the masses' interests and seek personal gains, and who are enthusiastic for establishing unprincipled personal ties and conducting back-door deals to look for official posts must never be used and, furthermore, must be criticized, educated, and even punished when necessary. To uphold such a direction for using cadres, we should gradually reform the cadres system, and establish and improve the competition mechanism and the encouragement mechanism whereby the best cadres are employed through open competition on an equal footing, cadres assume different posts, higher and lower, in rotation, and cadres are responsible for the attainment of assigned targets.

We should employ ironclad discipline and ironclad measures to remove artificial manipulation in the improvement of the economic development environment. Our principle is still to change people's concepts first rather than changing people and then to change the people who do not change their concepts. Those who are devoted to Heilongjiang's development should be firmly supported and protected. In addition, the problem that "people who do not work make things difficult for those who do work" should be addressed resolutely, and those who fabricate accusations, stir things up, and make malicious slander should be punished. Several such cases have been clarified recently, and those who have been long engaged in filing major and wanton accusations should be thoroughly investigated and sternly dealt with.

Those who do not conduct reform, carry out practical work, and make progress, which affects economic development, should be educated and criticized, so that they will make changes. If they do not make changes, their work posts should be adjusted immediately. Those who interfere with reform, hinder economic development, and do not mend their way despite education should be dismissed and replaced resolutely. This is also a deed meant to be accountable to the great cause of building socialism with Chinese characteristics and to the 36 million people of Heilongjiang.

Heilongjiang Governor on County-Run Industries

SK2306062795 Harbin HEILONGJIANG RIBAO
in Chinese 10 Jun 95 p 2

["Excerpt" of speech given by Heilongjiang Governor Tian Fengshan at the provincial on-the-spot meeting on developing county-run industries held in Shangzhi on 7 and 8 June: "Further Accelerate Development of County-Run Industries According to the Idea of a Socialist Market Economy"]

[FBIS Translated Text] I will offer some opinions on how to accelerate the development of county-run industries in Heilongjiang.

1. Correctly Analyze the Situation in County-Run Industries and Enhance the Sense of Urgency in Developing County-Run Industries

Thanks to hard work on various levels, the county's economy, especially county-run industries, has generated encouraging achievements over the past few years. Compared with 1990, Heilongjiang's county-level gross domestic product increased by 1.1 times in 1994 to total 63.44 billion yuan. County-run industrial enterprises that practice independent accounting number 5,505 throughout the province, an increase of 10.1 percent. The original value of their fixed assets totals 10.23 billion yuan, an increase of 49.5 percent. Their industrial output value reached 16.7 billion yuan, an increase of 38.8 percent, and the counties (cities) whose industrial output value produced by such enterprises exceeds 100 million yuan number 52, those whose industrial output value exceeds 300 million yuan number 21, and those whose industrial output value exceeds 500 million yuan number 11, an increase of 30 percent, 2 times, and 10 times, respectively. Their profits and taxes total 1.92 billion yuan, an increase of 63 percent, and the counties (cities) whose profits and taxes created by such enterprises exceed 10 million yuan number 23, of which Shangzhi, Shuangcheng, Jidong, Acheng, Bayan, Suihua, Qingan, and Hulan counties (cities) exceed 30 million yuan. Shangzhi has become Heilongjiang's first county-level city whose profits and

taxes generated by county-run industrial enterprises exceed 100 million yuan. An initial system has taken shape for county-run industrial enterprises that are relatively independent and fairly perfect, and a number of pillar industries and highly competitive products whose basic scale is fairly large, whose competitive ability is stronger, and whose economic efficiency is better. The quantity of products of county-run industrial enterprises has grown notably; their quality has continuously improved; and some highly competitive products, brand-names, and good-quality products are selling well in domestic and world markets, having a stronger vitality and competitive edge. Heilongjiang's county-run industries are steadily marching toward a new stage of development.

However, we should remain clear-headed and note that some problems we must not neglect still exist in the process of Heilongjiang developing county-run industries. Major ones are as follows: First is the low development rate. For a long time, the industrial production of some counties (cities) has developed at a low rate and growth has been sluggish. Heilongjiang still has 15 counties (cities), especially remote ones, whose industrial output value is lower than 100 million. Three of them even register an amount less than 10 million yuan, lower than that of a township or even a village of economically developed counties (cities). Second is the low level of industries. For several decades, many counties (cities) have persisted without making notable changes in backward traditional trades and production patterns that feature the workshop-style production of resources as well as roughly-processed and primitive products. Judging from the current layout of industries, enterprise scope, product mix, and other essential elements of industries, an industrialized and socialized production pattern compatible with the development of the market economy has yet to take shape. Third is the low standard of products. Many county-run industrial enterprises produce only one kind of product and are unable to update and upgrade their products in a timely manner, resulting in poor market competition ability. In general, they produce more products that are old and of average quality, that do not sell well, and that are produced for domestic consumption; they produce few products that are new, famous, readily marketable, and export-oriented. The product mix of county-run industrial enterprises remains at a low level. Fourth is the low scientific and technological level. High and new-tech industries, enterprises, and products are still rare in county-run industries; the dissemination and application of scientific and technological achievements and applicable technology are still rather slow; and the rate of contributions attributed to science and technology is far lower than the average level of the province. Many

enterprises are backward in production equipment, in technical standards, in operation methods, and in means of management. The root cause of this is the backward science and technology. Science and technology, the primary productive forces, have not been fully embodied in enterprise activities of production and management.

The fifth is the low management level. Many enterprises have failed to pay sufficient attention to strengthening operation and management and to reach the standards of scientific management. Some enterprises have failed to carry out production in an orderly manner, to maintain cost accounting, to have operational rules, to guarantee the quality, to enforce labor discipline, and to commend the good and punish the bad, and their operation and management are very weak and chaotic. The sixth is low economic efficiency. In 1994, the profit-tax rate of output value and the profit-tax rate of funds of county-run industrial enterprises covered by the local budget were respectively lower than the provincial average by 11 percentage points and 8.2 percentage points; the number of money-losing enterprises reached 1,206, and compared with 1990, the deficit range increased by 17.5 percent and the deficit volume increased by 45.2 percent. Among these enterprises, a considerable number of them cannot pay off their debts with their assets and have become "enterprises with a poor foundation." To objectively analyze the reasons for these problems, we can see that compared with some economically developed provinces, our province's county-run industries have started late, started low, started small, so that economic strength is fairly weak. Most of the old enterprises are traditional handicraft workshops adopted from the early period of the founding of the country and the "five minor" industries run during the national economic restoration and readjustment period. These enterprises have the conspicuous characteristics of a self-servicing and self-sufficient product economy. Owing to the limited local financial resources and the insufficient input, most of these enterprises have failed to transform themselves in a timely manner and have fallen into dire straits, and some are facing the danger of being eliminated. During the recent scores of years, some enterprises newly established after the change of state allocations into loans have great difficulties in development because they are operating on borrowings and have heavy burdens. Analyzing subjectively, we can see that for a considerably long period of time, we have failed to sufficiently understand the ideology of "no industries, no wealth" during the development of the county economy and have failed to devote sufficient energy to grasping county-run industries as we did in agriculture, thus giving rise to the phenomenon of "being a large agricultural county but with small-scale industry and poor finance." Particularly during the historical juncture of shifting to

the path of market economy, we have failed to promptly adjust our ideology, concept, enterprise mechanism, and operational pattern on our own initiative. For a time, we were at a lost what to do and could not "adapt" ourselves to the situation. The combination of the subjective and objective reasons has aggravated the difficulties in the reform and development of the county-run industries.

Gradually resolving these problems and further promoting the development of county-run industries through deepening reform is one of the extremely urgent tasks facing us. We must fully understand that county-run industries constitute an important component of the county economy as well as the entire national economy. Analyzing our province's actual conditions, we can see that in 1994 the province's total number of county-run industrial enterprises and the original value of their fixed assets respectively accounted for 34.1 percent and 18.4 percent of the province's total number of industrial enterprises and fixed assets; their industrial output value and their profits and taxes respectively accounted for over 20 percent of the province's total industrial output value, profits, and taxes. From this, we can see that county-run industries have directly affected the county economy to a great extent, and have even affected the whole province's overall economic development. We should not treat their status and role lightly. Particularly, under the current situation in which the production growth of state-owned large and medium-sized enterprises is slow, it is more meaningful to unceasingly accelerate the development of county-run industries. Analyzing from the angle of the county economy itself, we can see that the total industrial output value of some counties (cities) where the county-run industries are fairly developed has greatly exceeded the total agricultural output value, and the industrial output value of some counties (cities) have even accounted for over 70 percent of the total industrial and agricultural output value and these counties (cities) have become major industrial counties and cities. The development of county-run industries can vigorously support and promote agricultural development in terms of funds, products, and the transfer of agricultural surplus labor forces to form a well-rounded cycle between industry and agriculture.

Of the province's counties ranking in the top 10 places in terms of total industrial output value, the majority are agriculturally strong counties. This fully proves this development law. County-run industries are the main sources of county-level finance. Viewing the 23 counties (cities) where county-run industries create 10 million yuan in profits and taxes annually, we know that most of their local budgetary revenues come from county-run industries, on average accounting for more than 70 percent of the total. These counties (cities) can not

only ensure "self-sufficiency" but also engage themselves in construction, thus bringing into full play their finance's dual functions. With achievements in developing county-run industries, we can expand employment channels, increase staff and worker incomes, not worry about unemployment, and promote social stability. Therefore, we should upgrade awareness, correct ideas, approach from a high strategic plane to enhance the position of county-run industries, display the functions of county-run industries, and enhance the sense of urgency for developing county-run industries.

2. Proceed From the Special Features of Counties and Further Define the Ideas of Developing County-Run Industries

To promote the development of county-run industries, we must unswervingly follow the path of developing the socialist market economy. In building projects, conducting technological transformation, developing products, and strengthening management, county-run industrial enterprises should take markets as an orientation, cater to market demands, base themselves on markets, and seek existence and development through market competition. Our province has vast territory. Therefore, all counties (cities) are greatly different in geographic environments, natural conditions, historical development, and work foundations. To guide county-run industries to the orbit of a market economy, counties must persistently proceed from their special features; carry forward their strong points and avoid creating shortcomings; learn from others' strong points to make up for their own deficiencies; define a thinking of development suitable to their actual conditions; and pioneer a development path with their own special features. Speaking from the angle of the entire province, we should pay attention to the following points in making and defining the ideas for developing county-run industries.

We should not only bring into play the advantages of natural resources by intensively developing natural resources, by developing precision and intensive processing of natural resources, and by comprehensively using natural resources, but should also vigorously develop follow-up industries and substitute industries, particularly industries that do not use natural resources. Our province is a large province in terms of agriculture and mineral resources. Thus, enterprises engaged in the processing of these resources account for a considerably large proportion of county-run industries. This is one of our great advantages that cannot be ignored under any circumstances. The key questions are how to intensively develop, develop intensive and precision processing of, and comprehensively use natural resources, as well as how to actually turn natural resources into industries

and products. Simultaneously, we must understand that some natural resources cannot be regenerated, so we should give the matter further thought, take precautions, and vigorously develop follow-up industries and substitute industries, particularly industries that use no natural resources. If we do not pay high attention to or maintain a sharp vigilance against this, we will be on the decline along with the decline in natural resources.

Counties (cities) with ports in border areas should also base themselves on their dual advantages in opening up to the outside world and having natural resources to vigorously develop enterprise groups that play a leading in developing trade; should rely on natural resources; and should have the characteristics of introducing capital and engaging in cooperation so as to promote the development of industries with trade and promote the prosperity of trade with industries.

We should not only achieve existing state-owned enterprises but vigorously develop nonstate-owned industries. Achieving county-run state-owned industrial enterprises is a major task we should go all out to accomplish. Only when we achieve the development of existing ones will we have a firm foundation for further development.

Meanwhile, we should open up the "second battlefield"; pay attention to the development of nonstate-owned industries; develop more nonstate-owned industrial enterprises of various ownerships, such as collective, private, joint-investment, joint-management enterprises, in all over the province; and nurture a number of new pillar enterprises and backbone enterprises from them. This is an unavoidable trend and important way to develop county-run industries. In ordinary conditions, county-run industrial enterprises no longer undertake the projects invested solely by the government.

We should attach importance to the production and operation of industrial enterprises on the one hand, and build well the "first workshop" on the other hand. The processing of farm and sideline products is a notable characteristic of Heilongjiang's county-run industrial enterprises. In many counties (cities), enterprises engaged in such processing industry constitute the mainstay of their county-run industrial enterprises. To make a success of the production and operation of such processing enterprises, we should, above all, build well the "first workshop" to ensure the supplies of full amounts and good quality of raw materials, which is the life-line of the development of processing enterprises. From the perspective of realizing industrialization through the method of connecting companies with peasant households and making "dragon heads" lead raw material bases, we should establish close economic ties between

production enterprises and raw materials bases which share interests and risks equally, so that they will develop together and supplement each other. In view of Heilongjiang's problems in the production and purchases of beets, flax, flue-cured tobacco, fresh milk, and livestock and poultry, the most important work is to handle well the relationship between industry and agriculture and to regulate well the distribution of interests between enterprises and peasant households in order to stimulate the enthusiasm of both.

In the process of addressing these problems, we should strengthen ideological and political work, educate peasants to make their own accounts and the accounts of the whole, proceed from the overall interests, and gain long-term and fundamental interests on the premise that industrial development is supported.

We should not only strengthen the micro foundation for enterprises' production and operation but also improve the macro layout of productive forces. In developing county-run enterprises, we should adopt different policies for different enterprises. To improve county-run industrial enterprises, it is very necessary to analyze and address the specific problem of each enterprise. What is more important, however, is that we should devote efforts to the macro layout of productive forces, such as industrial composition, structure of trades, and structure of enterprises. Based on the state's industrial policy and the specific conditions of each county (city), we should draw up plans for adjusting the industrial composition and rationalizing the enterprise layout, so that the development of the county economy can be facilitated in a coordinated and orderly manner. Like Mulan which develops carpet production, Lanxi which develops flax embroidery, and Zhaodong which develops leather production, we should take county seat as the center and use it to promote the surrounding towns and townships, so that an industrial group with strong radiating functions can take shape. We should prevent the competition disadvantageous to both parties and avoid low-level duplicate construction. For example, enterprises engaged in ordinary processing of soybeans should solve this problem well. Small scattered plants of the same trade in the same county should be encouraged to cooperate in operation or merge into conglomerates. Enterprises directly under the central or provincial authorities, which are built in counties, particularly their subordinate enterprises engaged in diverse production, should plan for their own development in line with the layout of the entire county economy and refrain from becoming self-contained units, no matter what their sizes are. They may establish close cooperative relations with county-run enterprises by transferring to them the processing and service projects they are capable of developing. This

will not only help make the layout of productive forces more reasonable, but will also help promote the development of the county economy.

3. Give Priority To Clarifying Property Rights and Deeply Attend To Reform of State-Owned Enterprises

State-owned enterprises are the important pillars of country-run industries. Successfully carrying out the reform of state-owned enterprises is a "heavy task." Practice shows the fundamental way to better solve the various problems of county-run state-owned enterprises, to enable them to rapidly extricate themselves from a difficult position, and to accelerate development is to conduct reform.

First, we should adopt more flexible and effective measures and achieve breakthroughs in reforming property rights. We should continue to deeply implement the "enterprise law," the "regulations on changing mechanisms," and the "regulations on supervision and management"; should adopt more flexible and effective measures to further accelerate the reform of property rights; and should strive to basically complete property rights reform of state-owned large and medium enterprises by the end of this year. Enterprises with a fairly large foundation, high economic efficiency, and strong momentum for development should continue to promote the shareholding system and transform themselves into limited-liability companies; enterprises that have already implemented the shareholding system should gradually improve and set norms for themselves and take the lead in establishing the modern enterprise system. Enterprises with small production scales and unstable operational situations should implement the shareholding cooperative system of converting assets into shares, offering internal subscriptions of shares, and encouraging workers to buy shares. Enterprises that have difficulties in conducting overall transformation and in seeking comprehensive invigoration should be divided into small accounting units; they should establish legal entities at various levels and separate ownership of management rights. Enterprises that cannot pay off their debts with their assets and that have no hope of ending deficits should take active and reliable steps to auction their property or declare bankruptcy. Continued efforts should be made to popularize the effective pattern of reforming property rights by implementing several systems in one plant and by promoting amalgamation and association. This year, the provincial party committee and provincial government have offered views on management on a commission basis. This management pattern is formed on the basis of managing on a contract or lease. This pattern has been or is being practiced in some county-run industrial enterprises. We should con-

scientifically study, sum up experiences, and gradually popularize it. Along with the development of practices and the deepening of our understanding, we can adopt more flexible and diversified methods to reform property rights of country-run state-owned medium and small enterprises as well as unceasingly explore new ways. No reform patterns can give play to their efficacy alone. Only by merging them together can we make them yield overall effects. The general demands are to reform property rights in line with reality and seek actual results; guarantee the value maintenance and increase of state-owned assets; and ensure that reform will be conducive to promoting social stability. The objective criterion for measuring the success or failure of reform is to see whether enterprises have achieved noticeable results and efficiency in production and management. Therefore, the forms of reform must be subordinated to the reform content, and time must be subordinated to quality. By no means should we seek "uniformity" or "just do it for show."

Second, we should harmoniously mix together various economic sectors through reforming property rights. In the course of reforming property rights, county-run state-owned small enterprises should take the initiative in converging with state-owned large and medium enterprises or contracting projects on processing materials or manufacturing goods; should develop cooperation and coordination with large enterprises; and should develop joint businesses and "transform themselves with advanced technology and funds from abroad." County-run industries and township enterprises are closely related; the two have direct and convenient conditions for merger. We should encourage and support township enterprises to buy shares by providing work sites, funds, or manpower and to infiltrate into county-run state-owned industries; we should encourage those township enterprises and group enterprises with strong economic strength and promising development prospects to buy or lease county-run state-owned enterprises so as to entirely change and clarify property rights relations. Through these methods, we may build a new system with multiple property rights and diversified economic sectors to support county-run industries.

Third, we should integrate the reform of property rights with the settlement of practical problems encountered by enterprises. While holding the "general switch"—reform—it is imperative to apply the spirit of reform to successfully deal with the practical problems of enterprises. Currently, county-run industries are encountering two practical problems that are relatively prominent: heavy debts and a shortage of circulating funds. Dealing with the two problems requires a process and even requires units from top to bottom to commonly

make efforts to work out methods to resolve them. The key to dealing with the debt burden lies with enterprises enhancing their capabilities to overcome difficulties by vigorously grasping the work of switching losses to profits and increasing economic results. Meanwhile, enterprises should adopt corresponding measures in line with the different conditions and according to the state policies and provisions set in the documents jointly issued by the 10 provincial-level departments. Various relevant departments should do their utmost to help enterprises get rid of their debts. In dealing with the shortage of circulating funds, we should actively work out the method of establishing the new mechanism of investing capital. Local financial departments may invest some circulating funds in enterprises in line with their financial conditions. Working funds that have vested in enterprises may be turned as much as possible into capital or capital stock. Over the past few years, the increased loans issued to county-run industries for circulating funds has been smaller. Banks of various categories at all levels should provide a certain volume of special loans for circulating funds urgently needed by county-run industries.

4. We Should Concentrate Efforts on Successfully Grasping the Technical Renovations of Enterprises in Line With the Readjustment of the Structure of Industries and Products

"Building less new projects and conducting more renovations" represents a fundamental principle in the overall ideals of economic development in the province as a whole. For county-run industries, it is particularly important for them to uphold this principle.

First, we should define the orientation of the technical renovations of enterprises by regarding as focal points the tasks of fostering pillar industries, of expanding to backbone enterprises, and of developing products that enjoy brisk sales. We should draw up macro plans and define long-term projects for enterprises to conduct their technical renovations. By no means should we only be confined to single enterprises in this regard and blindly engage in "treating symptoms but not the disease" or in "filling the gaps" at low levels. We should concentrate our efforts and our investments on supporting the technical renovations of local chief leading industries, of local backbone enterprises, and of local brisk-sale products so as to enable technical renovations to play a role in bringing along the overall development of county-run industries.

Second, we should increase the input in technical renovations and upgrade the benefit of investments. Increasing input represents a premise of ensuring the technical renovations of enterprises. We should adopt mul-

multiple measures, bring the enthusiasm of various circles into play, and form the mechanism of investments with multiple sectors. Major channels for raising investments made in the technical renovations of large counties (county-level cities) are as follows: some have been provided by higher authorities, some have been brought in from economic associations, and some have been provided by financial departments. Such experiences are worth drawing on. Great attention should be paid to upgrading the benefit of investments and to investing the limited funds in industries, enterprises, and products that actually have broad market prospects; very high scientific and technological contents; reliable conditions for guarantee; and better economic results.

Third, we should build the new mechanisms of management over the technical renovations of enterprises and of technical renovation operations. We should strictly establish leadership and owner responsibility systems in a series of links related to the technical renovations of enterprises, which include project selection, project appraisal, policy decisions, designs, project enforcements, and acceptance tests. Leaders or owners should be held responsible if anything goes wrong in their link, and will be pursued for their work and economic liabilities.

We should introduce the mechanism of competition, practice open bidding, stem loopholes in management, and prevent malpractice. In building all projects, we should race against time and gain the initiative, give attention to daily progress and every minor link, and make sure the projects go into operation and reach the designed capacity on schedule. We should develop fewer projects that will span to the following year and ban all projects undertaken at random. A key issue in the technical transformation of enterprises is personnel employment. Some counties (cities) have worked out a very good method of "deciding on personnel before deciding on projects." With good-quality managers and directors who hold both rights and responsibility, have profit to gain, and are willing to take risks, only then can enterprises attain the expected results in their technical transformation.

5. Consolidate the Root, Alleviate the Symptoms of Problems, and Strive To Improve Enterprise Management

Poor management and low economic efficiency are the "fatal wound" of Heilongjiang's county-run industries. If this situation is not radically changed, we will have difficulty in developing county-run industries. Therefore, only when attention is simultaneously given to reform and management can they promote each other.

First, we should turn the effort to strengthen management into a conscious behavior of enterprise managers.

We should bring into better balance the relations between the government and enterprises; separate government functions from enterprise functions; and force enterprises and their managers to change mechanisms, improve skills, tap potential, and increase economic returns. All enterprises and their managers should persistently and successfully strengthen management, regarding it as a prime task to consolidate the root and alleviate the symptoms of problems. The current emphasis should be on the reform of the "three systems" of enterprises to promote the solution to other problems. Achievements in enterprise reform should be reflected in the improvement of the management and economic efficiency of enterprises.

Second, we should define a managerial method compatible with the development of the market economy. In enterprise management, we should change the sole attention to production into dual attention to business and production, and should embrace the idea emphasizing business. Guided by market demand, we should give attention to both market sales and market supplies to promote the marketization-oriented management of enterprises. In operations, we should change the management of products into the management of funds, and embrace the idea emphasizing fund management. We should take profit-making as the purpose; increase the marketing rate of products, the collection of payment for goods, and the utilization of funds; pursue continuous increases in the value of assets and the greatest possible efficiency; and use all the enterprises' funds successfully and flexibly. In the management of marketing, we should change the practice of waiting for customers into the practice of looking for customers, and should embrace the idea that the forefront of enterprises is the market. We should strengthen sales focusing on market demand; expand the contingent of sales personnel; establish an information network; improve the marketing mechanism; meet market demand with readily marketable goods; achieve a larger share in the market through first-rate quality and reasonable prices; and win a good market reputation through good service. In this work, we should change the outdated idea that good commodities do not have to worry about marketing and should attach importance to advertising our commodities.

Third, we should strengthen the various basic work for enterprise management. We should remain strict and establish a managerial environment and order within enterprises in which everything is taken care of, everyone is assigned a responsibility, discipline is strictly enforced, and everything is in order. We should establish and improve various rules and regulations, including the leadership responsibility system. We should both con-

duct ideological work and impose disciplinary restrictions, mete out clear rewards and punishments, and treat everyone equally.

6. We Should Enforce the Strategy of "Able Persons" and Realistically Enhance the Construction of the Leading Bodies of Enterprises and the Contingents of Entrepreneurs

The province has incurred many examples of "having saved a plant by having employed able personnel and having destroyed a plant by having employed incapable personnel." Attention should be paid to concentrating efforts on enhancing the construction of the leading bodies of enterprises and the contingent of entrepreneurs.

First, we should select and employ "able persons" by not being confined to a single pattern. Having both ability and political integrity represents the basic principle of selecting and employing cadres. It is imperative to uphold this principle in selecting and employing cadres for enterprises. Having devotion to their work, a sense of responsibility, and a spirit of being keen to conduct reform and make progress represents the manifestations of "political integrity" that is very important for enterprise cadres. The capabilities of being good at business, knowing management well, and boosting enterprises represents the manifestations of "ability" that is very important for enterprise cadres. In enforcing the strategy of "able persons," we just want to select and promote comrades with such manifestations to the leading posts of enterprises. We should make a breakthrough in the fetter of some "rules and regulations," broaden the field of vision, and discover and select or employ "able persons" by not being confined to a single pattern. Under the premise of having those who are able to boost enterprises take up leading posts, we should create relaxed conditions for "able persons" to show themselves by not being confined to qualifications, professions, social status, age, and sex as well as by enforcing various flexible measures including appointments, employment, recruitment, self recommendation, and imports.

Second, we should enhance the training work to upgrade the overall quality of entrepreneurs and managers. Various counties (county-level cities) should train more entrepreneurs and managers who are higher in intelligence and ability and who have gained experience in practice by adopting the methods of dispatching personnel to developed regions to make fact-finding tours or to take up TDY's for learning, of taking further courses in higher educational institutions, of inviting specialists to give lectures, and of organizing systematic training work and short-term rotational training classes. By formulating long-term or periodical plans, they should carefully

and successfully organize the training work for plant directors of subordinate enterprises.

Third, we should establish the scientific mechanism of award and restriction. By carrying out integration with the pilot work of enforcing annual wages system for enterprise managers, we should gradually explore and establish a scientific distribution mechanism for enterprise managers so as to enable them to receive higher incomes equal to the duties and risks they assume. We should justly and forcefully award managers who have conducted management and amassed fortunes in the right way and who have made great and important contributions to the prosperity and development of enterprises so as to arouse their enthusiasm to continuously make progress. We should publicize in a major way and commend the advanced deeds achieved by outstanding entrepreneurs and managers. In line with the different situation, we should not only adequately handle managers who have caused faults and losses while making policy decisions, who have not been responsible and have neglected their duty, who have cheated and practiced fraud, and who have embezzled the public funds by practicing graft, but also should have them assume the responsibility of economic compensation.

7. We Should Reinforce the Dynamics in Leadership and Form the Joint Force of Development

First, we should put the development of county-run industries on a strategic position in the entire situation of economic development. In the course of developing the county-level economy, whether we attach great importance to the development of county-run industries does not represent the matter of how to place or grasp the work, but represents the matter of determining whether we have correct guiding ideologies and developing ideals. By proceeding from the characteristics of the province's situation, every county (county-level city) must sufficiently concentrate efforts on successfully grasping agriculture and rural work. We should never forget at all times the principle of "there being no social stability without grain." If we fail to boost agriculture and the rural work, we will commit historical mistakes.

Meanwhile, we should also understand that county (city) leading cadres must embrace the idea of "no prosperity without industrial development," must attach great importance to the development of county-run industries, and must blaze a road of making the county (city) prosper through industrial development if they are to "make the localities under their charge prosper within their tenure of office." From a strategic perspective, county (city) governments should list the development of county-run industries high on their agenda and give

priority to county-run industries in the division of work among leaders, the input of effort, the distribution of funds, policies and measures, work arrangements, and specific methods. County (city) major party and government leaders should devote considerable efforts to industry; their performance in this aspect should be taken as an important criterion for appraising their work.

Second, we should improve the leadership methods for organizing the development of county-run industries. Our work methods for organizing the development of county-run industries should be improved according to the conditions for developing the market economy. Following institutional reform and the change of government functions, we should devote great efforts to indirect regulation and control, overall planning, and policy guidance. Proceeding from the county situation, we should attach importance to research on the ideas for the development of county-run industries, on their restructuring, on enterprise structures, on new product development, and on other major issues concerning the overall interests of the county. We should make efforts to cultivate the markets for commodities and for essential elements of production, establish and improve the market system and various intermediary organizations, and create a good market environment for the development of county-run industries. We should attach importance to conducting investigations and studies into the reality of life, providing information and consultation, summarizing experiences and disseminating typical examples, and giving different guidance to different cases. We should attach importance to coordination and service, should adjust the establishment of the departments in charge of county-run industries, should refrain from establishing lower-level departments corresponding to those of higher levels, and should reduce managerial levels and work links as much as possible.

Third, we should rally a strong force to develop county-run industries. By performing their different duties, all county (city) leading bodies should organize and support the development of county-run industries. Based on specific work requirements, each and every member of the leading body should assume some special tasks corresponding to his work post; the responsibility system and unified demands should be established to ensure the fulfillment of the tasks. Departments in charge of overall economic responsibility and departments in charge of industries should consider service to enterprises their first duty, bear the demands of enterprises in mind, meet their demands, and exert utmost efforts to help them resolve difficulties. Departments whose major function is supervision should actively probe an effective way of combining supervision with service in the process of exercising supervision according to law, and should strive

to let supervision be manifest in their service. Proceeding from the overall situation in developing the county's economy, tax, banking, customs, and commodity inspection departments should render great support to the development of county-run industries, take both the interests of their departments and those of their localities into consideration, and pursue both by combining them still better. All departments related to county-run industries should delegate power to enterprises according to the requirements of the "regulations," relax policies, and provide a relaxed environment for the development of county-run industries. Regional blockades, selfish departmentalism, trade barriers, counter policies, and other phenomena imposing "obstacles in between" should be resolutely corrected; people who take advantage of their posts and duties to engage in extortion should be resolutely dealt with; wanton collection of fees and donations from enterprises should be resolutely banned; and unauthorized and meaningless inspections and appraisals of enterprises should be resolutely prohibited.

Jilin Rally on Leading Cadres' Honesty

SK0607112895 Changchun JILIN RIBAO in Chinese
13 Jun 95 pp 1, 8

[By reporter Yu Shui (0060 3055): "The Jilin Provincial-Level Organs Hold a Mobilization Rally on Party-Member Leading Cadres' Administrative Honesty and Self-Discipline"]

[FBIS Translated Text] On the afternoon of 12 June at the assembly hall of the provincial party committee, the provincial-level organs held a mobilization rally or party-member leading cadres' administrative honesty and self-discipline. Feng Ximing, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, chaired the rally. Entrusted by the provincial discipline inspection commission, the organizational department of the provincial party committee, and the party work committee of the provincial-level organs, Liu Guoshu, secretary of the party work committee of the provincial-level organs, made a speech at the rally.

The major tasks of the rally were: Review and sum up the situation that the provincial-level organs have waged the struggle against corruption since the third plenary session of the central discipline inspection commission. Mobilize the provincial-level organs' party organizations and party-member leading cadres to accurately assess the achievements in the current struggle against corruption, further upgrade understanding, expand the dynamics of the struggle, do work solidly, realistically attend to the key link of ensuring leading cadres' administrative honesty and self-discipline, ensure the im-

plementation of the central regulations on administrative honesty and self-discipline, and particularly make new breakthroughs in implementing the following four regulations: First, do not accept the receptions which possibly affect the just performance of public affairs when contacting domestic units and individuals. Second, do not use public funds to attend recreational activities at cabarets, nightclubs, and some other public places. Third, do not violate regulations to build houses and use public funds and exceed standards to decorate houses. Fourth, do not extravagantly or lavishly organize wedding and funeral ceremonies and give parties on the occasion of work transfers, birthdays, and resettlement; still less use public funds and materials to organize receptions or take these chances to accumulate wealth.

The rally pointed out: Since the third plenary sessions of the central discipline inspection commission and the provincial discipline inspection commission, the departments under the provincial-level organs have conscientiously implemented the central authorities and the provincial party committee's requirements for opposing corruption, further strengthened the leadership over this work, perfected and enhanced various measures for administrative honesty, firmly attended to the implementation of various tasks, and made different degrees of new achievements in opposing corruption. Last year, the provincial-level organs held democratic activities within a fixed time, and 5,180 party-member leading cadres at or above the section level made self-examination and self-correction. The departments that did not convene democratic activities within fixed time and the leading cadres that did not make self-examinations and self-correction should make up missed lessons in various forms. The provincial party committee organized in a unified manner 16 groups to inspect whether or not all cities, autonomous prefecture, and some provincial-level departments and bureaus' leading bodies and their party members are administratively honest and self-disciplined in taking vehicles, building houses, handling public affairs, giving wedding and funeral ceremonies, enforcing organizational and personnel discipline and financial and economic discipline, doing business, and running enterprises. Provincial-level leading cadres took the lead in changing their vehicles that were not bought according to regulations, and finished the changes by the end of last November. The work regarding vehicles was basically accomplished. The province successively worked out specific regulations on leading cadres' vehicles and meals, control of celebrations, cut of meetings, examination and approval of going out of the country, reception of foreigners, and simplification of leaders' routine activities.

Last year, the provincial-level organs put 145 law- and discipline-breaking cases on file for investigation and punished 90 persons according to party discipline and administrative discipline. In the first five months of this year, the provincial-level organs put 89 law- and discipline-breaking cases on file for investigation, concluded 33 cases, and punished 38 persons according to party discipline and administrative discipline. The province made better achievements in "three-clear up and one-elimination" work, thus basically ending the phenomena of arbitrarily collecting expenses. The regulations on canceling the collection of 249 charges as stipulated by the central authorities and the province were basically implemented. The phenomena of going out of the country (border) for trips with public funds were controlled. The unhealthy trends of using privileges and monopoly positions to seek private gains, to engage in paid services by force, and to exercise rude management were controlled in varying degrees.

The rally pointed out: The 1995 anticorruption tasks have clearly been arranged by the central authorities and the provincial party committee. According to the unified arrangements and requirements of the party Central Committee and the provincial party committee, the provincial-level departments and units should implement the guidelines of the fifth plenary sessions of the central discipline inspection commission and the provincial discipline inspection commission, conscientiously attend to the three anticorruption tasks, continue to implement the "two sets of five regulations" on leading cadres' administrative honesty and self-discipline, resolutely implement the "four supplementary regulations," and exert efforts to implement the regulations. We should further upgrade understanding and realistically strengthen leadership. We should accurately understand and handle the relationship between the part and the whole, and solidly implement the central regulations on opposing corruption.

The provincial-level departments and units' party and government "top leaders" should assume responsibility for guiding their departments and units' anticorruption work. Leading bodies should do a good job in convening meetings on democratic lives with the main subject of implementing the regulations on administrative honesty and self-discipline and with the main content of banning the use of public funds for dining and wining and recreation. We should grasp the key links before, during, and after the meetings, carefully make arrangements, and make full preparations. We should conscientiously conduct self-investigation and self-correction, stress main points, discover problems, and firmly attend to seeking truth from facts. The meeting on democratic lives held this time should be focused on the situation

in implementing the regulations on "not accepting the receptions which possibly affect the just performance of public affairs" and "not allowing the use of public funds to attend recreational activities at cabarets and nightclubs." Simultaneously, we should investigate and correct by ourselves the problems existing in our units and strive to make achievements. In waging the struggle against corruption, we should really build two lines of defense. First, the line of defense for party discipline and state law. Anyone who violates law and discipline should justly be handled. Second, the line of defense for thinking and morality. "Not accepting the receptions which possibly affect the just performance of public affairs" belongs to this category. We should stick to this line of defense and timely remind and say hellos to some cadres so as not to make them embark on the road of violating law and discipline.

All departments and units should proceed from realities to work out and enforce the specific measures and methods for implementing the central regulations and to set up strict rules and regulations. Party and government leading cadres and the discipline inspection and supervisory organs at various levels should persist in regular supervision and examination so as to effectively implement various regulations and measures. Discipline should resolutely be enforced on the law- and discipline-breaking phenomena and activities. Those whose cases are serious should be handled according to legal procedures. At the time of prominently investigating and correcting the problems of using public funds to engage in dining and wining and recreation, which will possibly affect the just performance of public affairs, we should also concentrate efforts to investigate and correct the problems relating to houses and vehicles, the problems of diverting public cars for personal use, and the problems of extravagantly organizing wedding ceremonies. Departments and units should conscientiously examine their leading cadres and judge whether or not they exceed house construction, purchasing, and decorations standards. Those who have violated relevant regulations should conscientiously be corrected and handled. Units should conscientiously examine whether or not their sedan cars have been changed, sealed up for safekeeping, and sold according to the central regulations; and whether or not their cars have been used for lavish wedding ceremonies. Those who conduct self-investigation and self-correction unconscientiously, perfunctorily, and superficially should make up their missed lessons. We should expand the dynamics of work, adopt effective measures, and comprehensively implement various anticorruption tasks.

First, we should expand the dynamics of restriction and intensify preventive measures.

Second, we should expand the dynamics of investigations and strictly enforce discipline.

Third, we should expand the dynamics of thoroughly eliminating root causes and pay attention to ideological education. In the next step, we should deeply conduct the education on the theory of socialism with Chinese characteristics and the party Constitution among the provincial-level organs. We should prominently conduct the education on the communist ideal and belief, wholehearted service of the people, and arduous struggle; guide party-member cadres, particularly party-member leading cadres, to have accurate ideas about belief, power, and money.

The party-member cadres of the provincial-level organs should still more be the first to be honest and diligent in performing official duties. All departments and units should adopt various forms and methods to conduct the political and ideological education and fundamentally attend to the struggle against corruption and the improvement of party style and administrative honesty. We should strive to eliminate the unhealthy trends that the masses have strong complaints about and make new contributions to realizing the province's economic and social development strategic goal as defined by the provincial party committee.

Jilin Central Committee Appoints Leaders

SK2406063695 Changchun JILIN RIBAO in Chinese
7 Jun 95 p 1

[FBIS Translated Text] On the afternoon of 6 June, the provincial party committee held an enlarged standing committee meeting, at which, Zhang Quanjing, director of the Organizational Department of the CPC Central Committee, announced the CPC Central Committee's decision on the changes in principal leading comrades of the provincial party committee and the provincial government. The decision notes: Comrade Zhang Dejiang is appointed secretary of the provincial party committee; Comrade Wang Yunkun is appointed deputy secretary of the provincial party committee; Comrade He Zhukang no longer holds the posts as secretary and standing committee member of the provincial party committee and only holds the post as chairman of the provincial people's congress standing committee; and Comrade Gao Yan no longer holds the posts as deputy secretary, standing committee member, and member of the provincial party committee.

Attending the meeting were leading comrades of the provincial party committee, the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's

Political Consultative Conference [CPPCC]. Also attending were leading comrades of Changchun city; retired veteran comrades who had been leaders of vice provincial level; principal responsible comrades of various departments, commissions, offices, departments, and bureaus directly under the provincial authorities; secretaries of party committees of various cities (prefectures); mayors of various cities; heads of various prefectures; and members and alternate members of the provincial party committee living in Changchun city, more than 200 persons in total.

After announcing the decision of the CPC Central Committee, Zhang Quanjing, director of the Organizational Department of the CPC Central Committee, pointed out in his speech: Paying extremely high attention to the readjustment of leading bodies of the party committee and government of Jilin Province, the CPC Central Committee made this decision by taking into account the overall situation in the building of leading bodies at the provincial and department levels, on the basis of conducting repeated observations and listening to the opinions from all sides, in line with the spirit of making the ranks of cadres younger and the spirit of encouraging the exchange of cadres. Hence, the current personnel change is normal and the decision is correct, is compatible with the guidelines of the fourth plenary session of the 14th CPC Central Committee and the realities of Jilin Province, and is conducive to ensuring the continuity of work and to further consolidating and developing Jilin's good situation characterized with stability, unity, and progress of reform and opening up. We believe that this decision of the CPC Central Committee will garner the support of fellow comrades here and the vast numbers of party members, cadres, and the masses in Jilin. Comrade Zhang Quanjing pointed out: Over recent years, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, the party committee and government of Jilin Province have led all the people in the province emancipate the mind and pioneer the road of advance, resulting in a big progress and conspicuous results in all undertakings. Jilin's political and economic situation is good, nationalities are united, society is stable, reform is being deepened day by day, the scale of opening up is wide, and economic strength has been enhanced further. These achievements result from the correct line, principles, and policies of the CPC Central Committee, from the joint struggle of the provincial party committee, the provincial government, and the vast numbers of cadres and masses, and from the endeavor, concern, and support of leading bodies of various previous party committees and veteran comrades. These achievements are also indispensable to the positive work of comrades He Zhukang and Gao Yan. We believe that comrades

Zhang Dejiang and Wang Yunkun will be able to live up to the trust of the CPC Central Committee and will work hard to promote the sound development of all undertakings of Jilin Province. Here, I want to place three hopes and set three demands on numerous party members and cadres at all levels. The three hopes are: First, we should consciously safeguard and develop Jilin's good and stable situation. Jilin is in an extremely important position in terms of the national strategic pattern. Jilin's stability and development is very important to the stability and development of the whole country. We should correctly comprehend and firmly support the decision of the CPC Central Committee and give all-out support, with practical action, for the work of the provincial party committee and the provincial government and for the work of comrade Zhang Dejiang and Wang Yunkun. Second, we should further conduct reform and opening up in an effort to maintain the sustained, sound, and rapid development of Jilin's economy. During the period when new principal leading comrades replace the old, the vast numbers of cadres should earnestly perform their duties, conscientiously attend to their professional work, and pay attention to reform, opening up, and modernization of Jilin so as to push all the work to a new height. Third, we should actually strengthen the building of leading bodies at all levels. The three demands are: First, we should study and master the basic contents and essential guidelines of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and should resolve major problems in building material and spiritual civilizations based on this theory. Second, we should conscientiously keep to the principle of democratic centralism and strengthen unity among leading bodies. Third, we should actually strengthen the building of ideology and work style among leading bodies and make all levels of cadres more conscious in maintaining administrative honesty and self-discipline. We should foster correct outlook on world and life, reaffirm our ideals and faith, uphold the purpose of wholeheartedly serving the people, carry forward the fine tradition of arduous struggle, persist in the ideological line of seeking truth from facts, conscientiously conduct investigation and study, and penetratingly launch the activities of learning from Comrade Kong Fansen.

Comrades He Zhukang, Gao Yan, and Wang Yunkun made speeches at the meeting, respectively. They unanimously pledged to support the decision of the CPC Central Committee.

He Zhukang said: This decision has manifested the concern of the CPC Central Committee over the work of Jilin Province. Letting younger comrades hold the principal leading posts of the provincial party committee is favorable to the work of the entire province and is

conducive to carrying forward the party's cause and forging ahead into the future. After retreating from the posts of the provincial party committee, I will spare no effort to do the work of the provincial people's congress and will unite all members of the provincial people's congress to wholeheartedly perform duties and conduct work under the leadership of the provincial party committee. As a comrade having worked for the provincial party committee, I sincerely hope all levels of party organizations and cadres in the province will positively support the work of comrades Zhang Dejiang and Wang Yunkun with a view to handling well the affairs of Jilin.

Gao Yan stated: I was born and brought up in Jilin, and have worked for Jilin for 30 years, thus harboring deep feelings about the vast land of Jilin and the elders and folks of Jilin. Jilin Province possesses 25 million diligent and wise people, an excellent contingent of cadres, and abundant natural resources. Jilin has advantages in agriculture, state-owned enterprises, scientific and technological education, and geological position. Jilin also has a large number of projects. With such a foundation, Jilin has great potential, bright prospects, and great hopes for development. As decided by the CPC Central Committee, I am going to work for a new place. I will certainly live up to the heavy trust placed on me by the organization and to the expectation of my fellow townsmen. I will also make even greater efforts to contribute to the development of the place I am about to serve.

Wang Yunkun said: I will certainly maintain unanimity with the CPC Central Committee in ideology and action; consciously safeguard the authority of the CPC Central Committee with Comrade Jiang Zemin as the core; set an example in implementing the decisions, resolutions, and opinions of the provincial party committee; conscientiously persist in the principle of democratic centralism; and strive to strengthen unity by giving consideration to the overall situation. I will also study theories, particularly Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, to enhance my party spirit and be a qualified Communist Party member. I will often go deep into the realities of life and go deep among the masses to listen to the opinions and proposals of the masses and do the work in a down-to-earth manner. I will also set strict demands on myself, refrain from hankering after petty gains and privilege, and perform official duties honestly.

Zhang Dejiang, the newly appointed secretary of the provincial party committee, said in his speech: Director Zhang Quanjing made an important speech after announcing the decision of the CPC Central Committee. This speech has educated and encouraged me and is of great significance in guiding the work of the en-

tire province. For myself, it is a heavy burden to be appointed as secretary of the provincial party committee by the CPC Central Committee when viewed from my age, record of service, and work ability and expertise. I would thank the CPC Central Committee for its trust in me. In future work, I will certainly and conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, persist in the party's basic line, and consciously maintain unanimity with the CPC Central Committee with Comrade Jiang Zemin as its core. I will make a correct assessment of the situation and will give full play to the role of all members of the provincial party committee according to the principle of democratic centralism. I will build the party serving the interests of the people in order to mobilize the initiative of all fields. I will be diligent and honest in performing official duties and do not engage in empty talks. I will respect and modestly learn from veteran comrades and carry on and carry forward the fine tradition of the party. I will bear the people in mind, wholeheartedly serve the people, attend to my work with all my strength, and certainly live up to the heavy trust of the party and to the expectation of the 25 million people in Jilin Province.

Zhang Dejiang said: Over the past several years, Comrades He Zhukang and Gao Yan have exerted much effort and made important contributions to the reform, opening up, and modernization cause of Jilin. Thanks to the great efforts of these two leaders, Jilin has achieved remarkable results in building material and spiritual civilizations. This has laid a fine foundation for me and for other members of the Standing Committee to achieve success in future work. According to the decision of the CPC Central Committee, Comrade He Zhukang no longer holds the post as secretary of the provincial party committee, but still holds the post as chairman of the provincial people's congress Standing Committee. It is hoped he will help me and support the work of the provincial party committee in the future. The CPC Central Committee has decided to assign Comrade Gao Yan to other leading posts. This is the glory of our province. We hope Comrade Gao Yan will continue to show concern for the construction and development of Jilin.

Zhang Dejiang stressed: Jilin is a good place in terms of natural conditions as well as economic and work foundations. In particular, the broad masses of Jilin's people are diligent and simple, wise and capable. The vast numbers of Jilin's party members and cadres are positive and enterprising, are willing to bear the burden of office, and are good in general quality. Hence, Jilin is full of hope. Party committees and governments at all levels, as well as their subordinate departments, should consciously persist in and comprehensively implement

the party's basic line; firmly follow the general task on the work of the entire party and the entire country; and earnestly implement the central authorities' guiding ideology on "seeking unity of thinking, putting the overall situation under control, strengthening coordination, and doing solid work." They should also enhance morale, strengthen unity, persist in development, and maintain stability in order to continuously push forward the province's work in all aspects. As for the current work, both the provincial party committee and provincial government have made definite arrangements. All localities and departments should maintain the continuity of work and implement these arrangements in a down-to-earth manner. We should firmly and unswervingly regard economic construction as our central task, and make great efforts to improve the quality and efficiency of economic growth. All in all, striving to beef up economic construction is the most essential issue; thus, we must try every possible means to beef up economic construction. We should continue to deepen reform, open up wide to the outside, and march toward the orientation of building Jilin into a developed border and coastal province. Since we come from the masses, we should always bear the masses in mind, handle affairs for the masses, show concern for the livelihood of the masses, and actually help the masses resolve problems and difficulties. We should take the overall situation into account, face up to difficulties, actively overcome difficulties, and make great efforts to safeguard social stability. We should continue to strengthen party building and improve party leadership. Party organizations at all levels should give full play to their role as a fighting fortress and political core, and all Communist Party members should give play to their vanguard and exemplary role. The anti-corruption campaign should be continuously launched. Beginning with myself and the Standing Committee, the vast number of party members, leading cadres at all levels in particular, will take Comrade Kong Fansen as the example; will stress party spirit, unity, and dedication; will keep to the party purpose of wholeheartedly serving the people; will attend to work in a down-to-earth manner; and will successfully handle affairs for Jilin.

Zhang Dejiang concluded: I believe all undertakings by Jilin will certainly continue to develop in a sound manner through the concerted efforts of the vast number of party members, cadres, and people of all nationalities under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core.

The meeting concluded amid warm applause.

Shenyang Sentences 35 Narcotics Criminals

SK0607115295 Shenyang LIAONING RIBAO
in Chinese 22 Jun 95 p 1

[By reporter Wang Hongwei (3769 1347 0251): "Shenyang City Holds a Rally To Publicly Handle Narcotic Criminals"]

[FBIS Translated Text] On 21 June, 35 law breakers guilty of trafficking in, selling, and using narcotics were publicly handled by the Shenyang city security organ. Fourteen criminals were respectively sentenced to imprisonment for life and set terms of imprisonment, 12 persons were publicly arrested, and nine were sent to labor reformatories.

Zhang Qingshen, a narcotic traffickers and trader, successively went to a certain city in south China on two occasions to buy heroin. After returning to Shenyang, he used and sold 37 grams of heroin. Courts acknowledged that criminal Zhang was guilty of trafficking in and marketing narcotics, sentenced him to life imprisonment, deprived him of his lifelong political rights, and also imposed a fine of 10,000 yuan. Departments concerned introduced that the number of narcotic cases rose by a big margin over the past years. From 1988, when the first such case was discovered, to 1994, 564 cases were discovered. In the first five months of this year, 332 cases were investigated and handled.

Trafficking in, taking, and injecting narcotics can cause many social problems and bring about an increase in the crimes of swindling, stealing, and robbery. Departments concerned urged that the society as a whole should go into action to jointly treat the social effects of pollution caused by narcotics. Shenyang city decided to continue to adopt solid measures to strictly attack the criminal activities of trafficking in, taking, and injecting narcotics and never allow narcotics to spread unchecked.

Liaoning Cracks Case of Manufacturing, Selling Narcotics

SK0707071795 Shenyang LIAONING RIBAO
in Chinese 23 Jun 95 p 1

[FBIS Translated Text] Panshan County's public security bureau has cracked a especially large-scale case of manufacturing and selling narcotics. According to a police briefing, this is the first time that opium poppy is planted in greenhouses in the country. At present, the criminals of this case have been taken into custody.

On the morning of 6 June, Yang Lifu, deputy chief of the public security bureau of Panshan County, received a phone call accusing people of planting puppy at the Houtun village in the town of Gaosheng. Yang Lifu immediately sent Zhao Enjie, deputy chief of the police

brigade, and cadres and police to secretly conduct an investigation. The cadres and police made an urgent report to the bureau that a big poppy field was found. Bureau Chief Ding Wenyi led dozens of cadres and police to rush to the scene. After an investigation, it was proved that the poppy was planted by villagers Wang Juntian and Shen Xiulan.

Wang Juntian is 48 years old and Shen Xiulan 51. They are husband and wife. They moved from Zhaoyang to Panjin five years ago, and started to plant poppy and have sold opium since 1993. They built two greenhouses at the scene. One greenhouse was 200 square meters and had 3,201 poppy plants. The capsules were abundant and the milky fluid in some capsules has been collected. Another greenhouse was 107 square meters, and contained 370 seedlings. The poppies had not bloomed. On the scene, there were also iron boxes and knives used to collect the opium fluid and 20 grams of opium paste.

On the spot, the chief of the public security bureau explained and publicized to the masses the laws and regulations of the state banning narcotics. The broad masses of cadres, police, and villagers pulled out the poppy immediately and destroyed it in everyone's presence. The masses on the spot clapped and cheered. An old man sighed with emotion: "Lin Zeshu destroyed narcotics in Human in the past, and the public security bureau bans narcotics today, which is a very good thing benefiting both the state and the people."

Northwest Region

Gansu Narcotics Criminals, Others Executed

OW0307002495 Beijing XINHUA Domestic Service in Chinese 2109 GMT 2 Jul 95

[FBIS Translated Excerpt] Beijing, 3 Jul (XINHUA) — News briefs on political and legal affairs: [passage omitted]

A Large Number of Criminals Executed in Gansu

The courts in various localities of Gansu Province held open sentence-pronouncing meetings on 23 June and a total of 23 criminals were executed on drug-related or other serious charges on the same day. They were openly sentenced to death by the intermediate people's courts in Lanzhou, Tianshui, Dingxi, Jiuquan and Jiayuguan separately. [passage omitted]

Shaanxi's Xian Sets Up New Patent Branch Office

OW0507164395 Beijing XINHUA in English 1615 GMT 5 Jul 95

[FBIS Transcribed Text] Xian, July 5 (XINHUA) — The Patent Office of the People's Republic of China an-

nounced today the establishment of its seventh office in this capital city of northwest China's Shaanxi Province.

The six other branch offices are located in the cities of Shanghai, Changsha, Jinan, Shenyang, Nanjing and Chengdu. They were set up following the implementation of the Patent Law.

According to a senior patent official in Shaanxi, the newly-opened office, as the sole representative in northwest China, will provide more convenience for those applying for patents and a more efficient use of patented technology, and boost the local economy.

Xian Suffering From Water Shortage

OW0407075295 Beijing XINHUA in English 0717 GMT 4 Jul 95

[FBIS Transcribed Text] Beijing, July 4 (XINHUA) — Xian, one of China's leading tourism cities, is suffering from a water shortage, and the city government is striving to increase water supply.

The nearly three million urban residents in this capital of northwest China's Shaanxi Province are witnessing the worst dry spell this Summer.

The city needs a daily water supply of at least one million tons, but since June the actual amount has dropped to only 600,000 tons. On June 25 the daily supply was a mere 50 percent of the normal figure, the lowest point this year.

How to solve water shortage has been put on the top agenda of the city government which is going all out to accelerate the construction of a water-diversion project at the nearby Heihe River. The diversion project is expected to start operation in early September.

In another development, some other Chinese cities are now suffering from floods.

Natural Gas Pipeline Begun in Shaanxi

OW0607172595 Beijing XINHUA in English 1603 GMT 6 Jul 95

[FBIS Transcribed Text] Xian, July 6 (XINHUA) — Xian, the capital of Shaanxi Province in northwest China, will get natural gas supplies from a huge gas-field in the northern part of the province after construction of pipe line, which started here today, is completed.

The planned pipe-line will extend 488 km from Jingbian County in the center of the gas-field to Xian. It will be able to send 560 million cubic m of natural gas a year, and 750 million cubic m after expansion.

According to sources at the Bureau of Petrochemicals of Shaanxi which is responsible for construction, the

project will cost 798 million yuan, with a loan of 50 million U.S. dollars to come from the Import & Export Bank of Japan, and the China Development Bank providing 200 million yuan.

The pipe-line is expected to be operational by July 1997.

The natural gas field in the Shaanxi-Gansu-Ningxia Basin is the largest in China so far, with proven reserves exceeding 210 billion cubic m.

According to the sources, construction of two more pipe-lines, one from Jingban County to Beijing and the other from Jingban to Yinchuan, the capital of Ningxia Province to the west of Shaanxi, will begin soon.

When all three pipe-lines are operational, the gas-field will be able to send 2.5 billion cubic m of natural gas a year, the sources said.

ARATS Denounces Shelling of Fishermen

OW0607075395 Beijing XINHUA Domestic Service
in Chinese 1117 GMT 5 Jul 95

[FBIS Translated Text] Beijing, 5 Jul (XINHUA) — The Association for Relations Across the Taiwan Strait [ARATS] today wrote to Taiwan's Strait Exchange Foundation [SEF], expressing indignation at the Taiwan military's bombardment of Fujian fishermen and urged the Taiwan authorities to immediately stop such criminal acts, deal with the parties who created the disturbance, and compensate the victims' families.

The ARATS letter to the SEF said: As informed by mail by the relevant Fujian provincial departments, the Minpuyu No. 1205 (made of wood, with a deadweight of 3 tons, 12 horsepower, and carrying five people) from Jiangkou Village, Qianting Town in Zhangpu County, Fujian Province, came under attack from several rounds of artillery from the Taiwan military in Dongding on 10 June, when it was fishing for clams in the waters south by west of Dongding (approximately 3,000 meters from Dongding). A shell exploded 5 meters from the fishing vessel. Fisherman Yang Musen (male, 27 years old) was wounded in the back by a piece of shrapnel and died on the way home.

We want to express strong indignation [ji da de fen kai 2817 1129 4104 2001 1980] at the Taiwan military's barbarous act of shelling unarmed compatriots engaged in fishing operations.

In the letter, ARATS noted: Since the beginning of this year, ARATS has sent Taiwan's SEF several letters regarding similar incidents in which Taiwan troops shot or shelled fishermen from coastal areas of Mainland China. The letters urged the relevant departments in Taiwan to adopt effective measures to prevent similar incidents from occurring and to settle properly the issue of compensation for similar incidents in the past. Not only has nothing come of it yet, but the situation is being aggravated. The Taiwan authorities have an unavoidable responsibility for this state of affairs. They must immediately stop the aforementioned criminal act of killing innocent mainland fishermen and poisoning the cross-strait atmosphere; deal with the parties who caused the disturbance; and compensate the families of mainland fishermen who have suffered as a result.

Li Blamed for Tense Cross-Strait Relations

HK0707090895 Hong Kong WEN WEI PO in Chinese
4 Jul 95 p A2

[Editorial: "Li Teng-hui Creates Tense Atmosphere Across the Strait"]

[FBIS Translated Text] Thinking himself clever for visiting the United States, Li Teng-hui in fact serves only as a U.S. pawn with which the United States creates "two Chinas" or "one China, one Taiwan," and blocks China's reunification. In the face of Sino-U.S. relations plunging to a low ebb, China is very firm in its stance: Sovereignty and the reunification of the motherland are above Sino-U.S. relations. Although the United States keeps saying that it has not changed its China policy, common people can see clearly what the United States actually has done. China has never provoked confrontation with the United States, nor does it fear any power or external pressure, as fully proved by history since the founding of the PRC.

Li Teng-hui's attempt to use foreigners to enhance his position has resulted in encouraging U.S. hegemonism and damaging the basis of cross-strait relations. This move will continue to bring serious consequences to cross-strait relations. No matter how Li Teng-hui and Lien Chan defend this move, their efforts are futile.

Since his European "tour," Lien Chan speaks in a gruff tone, as if he had had a rise in social status. In his meeting with an American scholar last week, he went so far as to "sternly warn" the U.S. Government, saying that if it still maintains that "Taiwan is a part of China," it has "lost contact with reality." He added that the United States should "update" its approach in handling the China issue. What big talk! It is unlikely that Lien Chan is unfamiliar the three Sino-U.S. joint communiques. In the 1972 Sino-U.S. Shanghai communique, the United States declared: Given that Chinese people on both sides of the Taiwan Strait hold that there is only one China, and that Taiwan is a part of China, the U.S. Government recognizes the PRC is the only legitimate government of China, while maintaining only nonofficial ties with Taiwan. The 1982 Sino-U.S. "17 August Communique" reaffirmed these principles. As for Taiwan, from Chiang Chieh-shih to Chiang Ching-kuo, they all stressed that Taiwan is a part of China and that there is only one China. Is it not very odd for Lien Chan to hold that "Taiwan is not a part of China," and even to "sternly warn the U.S. Government?" If the U.S. Government were to "recognize that Taiwan is not a part of China," as he demanded, this would have an extremely serious impact on Sino-U.S. relations, cross-strait ties, and even the strategic situation in the Asia-Pacific region.

Lien Chan's remark certainly was not made on impulse, but is a result of Li Teng-hui's deliberate scheme to bring Taiwan to a dangerous state. Recently, Li himself also developed a guilty conscience about causing tense cross-strait relations. In his speech in Hsinchu last Saturday, he said: Taiwan does not "wish to have an unpleasant relationship with Communist China," "achieving peace and stability in the Taiwan Strait is our consistent policy," and the like. Who would have believed these remarks after he visited the United States and damaged the basis of cross-strait relations! Moreover, the person who has caused the "unpleasant relationship" is none other than Li Teng-hui himself.

Li also said that peace and stability in the Taiwan Strait are important to Taiwan, and even more important so to the mainland. What does that mean? How can the Chinese Government sit back and watch Li Teng-

hui and his ilk split our territory and undermine the reunification of the motherland? If Li Teng-hui is allowed to do as he pleases on this dangerous road, there will never be peace and stability in the Taiwan Strait. This is because those undermining peace and stability on the Taiwan Strait are precisely Li Teng-hui and his ilk. The Chinese Government certainly values peace and stability in the Taiwan Strait, but to achieve this goal, it must firmly oppose the move by Li Teng-hui and his ilk to split our territory, and must finally achieve national reunification. To safeguard the integrity of our territory and sovereignty, the Chinese people will not hesitate to give their blood and lives, and will fear no pressure. For the highest interests of the country and the nation, the people throughout the country always share a bitter hatred of the enemy, and they are united as one man. It is easier to rock a mountain than China!

Dialogue Urged To Resolve Shooting Dispute

OW0707050695 Taipei CNA in English
0129 GMT 7 Jul 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — A ranking Mainland Affairs Council (MAC) official on Thursday called for negotiations to resolve a recent cross-strait fishing dispute, during which a mainland fisherman was shot and killed by Taiwan troops.

The Association for Relations Across the Taiwan Strait (ARATS), a semi-official intermediary body formed by Beijing to handle private exchanges with Taiwan, on Wednesday sent a message to its Taiwan counterpart, the Straits Exchange Foundation (SEF), claiming that a mainland fisherman was killed on board his ship by Taiwan troops stationed on Tungting, an islet off the mainland province of Fujian. The fisherman was identified as Yang Shuisen.

In its strongly worded statement, ARATS also demanded that Taiwan authorities immediately stop such acts, which it said have "poisoned" the atmosphere surrounding ties between the two sides. It also demanded compensation for the victim.

In response to the charge, MAC Vice Chairman Kao Koong-lian, in a low-profile statement, said: "We've repeatedly called for a calm and reasonable attitude in the promotion of the steady development of bilateral relations. Emotional responses should be shunned."

Kao, however, said the defense needs of the troops deployed on the offshore islands have to be met. "Some waters off the offshore islands are either marked as forbidden or restricted areas. The restrictions are necessary for defense purposes," Kao stressed.

The troops are authorized to drive away any invaders, but Kao said the troops have always been careful in doing so, although some "unfortunate" injuries have occurred.

He said the military, via the SEF, had informed ARATS of the restrictions a number of times. "Mainland authorities should take more active steps to make the rules fully understood by their fishermen," Kao said.

He also underscored the importance of regular bilateral negotiations, which were unilaterally postponed by Beijing following the US visit last month by ROC [Republic of China] President Li Teng-hui for a class reunion at his alma mater, Cornell University. "It is always our hope that matters like this can be solved through negotiations," he said.

Officials View Impact of Military Exercise

OW0607133395 Taipei CHUNG-KUO SHIH-PAO
in Chinese 4 Jul 95 p 1

[FBIS Translated Text] Mainland Affairs Council [MAC] Chairman Hsiao Wan-chang pointed out yesterday that further observation is needed to assess possible impact of Mainland China's recent large-scale exercise on the southeast coast on the development of cross-strait relations. He emphasized that the two sides should strive to maintain peace and stability across the Taiwan Strait.

Strait Exchange Foundation [SEF] Chairman Ku Chen-fu said he does not think that the cross-strait communication channel between the SEF and the Association for Relations Across the Taiwan Strait [ARATS] has been disconnected. According to the Agreement on Institutionalized Contacts and Talks Between the Two Organizations, signed by the SEF and ARATS, deputy secretaries general of the two organizations will meet quarterly to discuss matters within their areas of responsibility. Disconnection of the cross-strait communication channel depends on whether ARATS delays the eighth technical talks between the SEF and ARATS. Ku Chen-fu also emphasized that Taiwan's economy is still in good shape, with an average annual economic growth rate of 6.4 percent. Taiwan's economic development should not be affected by strained cross-strait relations.

Top MAC and SEF leaders Hsiao Wan-chang and Ku Chen-fu made these remarks yesterday while discussing whether ARATS' delaying cross-strait talks at various levels and Mainland China's conducting large-scale military exercises have had an impact on cross-strait relations and on Taiwan's economic development.

Hsiao Wan-chang emphasized: Stability and peace across the Taiwan Strait is not only the concern of the two sides, but has a bearing on peace in East Asia or Asia as a whole. It is hoped that the two sides will strive to promote the peaceful development of cross-strait relations, especially security across the Taiwan Strait.

Hsiao Wan-chang said: Occasionally, there are ups and downs in developing cross-strait relations. When the relations are at a low tide, we should be patient and keep calm to ponder problems. Since the mainland said it has its own concern, we should allow it to have sufficient time and allow it to think whether its concern conforms to the international trend or to the thinking of the people across the strait.

Hsiao Wan-chang called on the public to be patient in face of changes in cross-strait relations. He said it

is necessary to wait calmly for an upturn in cross-strait relations and to make arrangements for cross-strait discussions at a right moment, adding that this will be conducive to improving cross-strait relations.

In addition, a MAC official disclosed: After mobilizing mainland media to condemn our country's promoting pragmatic diplomacy, Mainland China conducted a large-scale military exercise recently. It seems that the mainland intends to attain its political goal of intimidating Taiwan through conducting exercises. The MAC will hold discussions with relevant departments on possible measures to be taken by the mainland, so as to work out its countermeasures.

Official Views Plan To Promote Li's Japan Visit

OW0607131595 Taipei CHUNG-YANG JIH-PAO
in Chinese 5 Jul 95 p 2

[FBIS Translated Text] Teng Pei-yin, director of the East Asian and Pacific Department under the Ministry of Foreign Affairs [MOFA], said yesterday that our country will continue promoting its relations with Japan and form a consensus on supporting President Li Teng-hui's Japan visit with the Japanese people through the Diet and the media, so as to affect the Japanese Government's decision-making bodies.

Legislators Mark Resistance Against Japan

OW0707103995 Taipei CNA in English
0908 GMT 7 Jul 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — Republic of China [ROC] legislators Friday expressed hope that the eight-year War of Resistance Against Japan will not be forgotten and called on Japan to apologize for causing tremendous suffering to Chinese people.

Ruling Kuomintang legislator Wei Yung and several colleagues devoted a minute of silence to the memory of the estimated 20 million civilians and 4 million servicemen killed in the 1937-1945 war.

Other KMT legislators, including Pan Wei-kang, Chiang Wei-ping, Han Kuo-yu and Chen Ching-pao, expressed the hope the people here remember the July 7, 1937 Marco Polo bridge incident which led to an eight-year war between China and Japan.

Legislator Li Ching-hua of the Chinese New Party called for Japan to stop trying to obscure history in its textbooks and demanded the Japanese Government compensate Chinese on Taiwan for property loss and mental anguish. He also demanded Japan apologize

for the aggression and refrain from future military expansion.

But legislator Yen Chin-fu of the Democratic Progressive Party (DPP) said that focusing on memories will not help ease the pain. He also questioned whether the KMT was celebrating the incident or truly sad, noting that the Sino-Japanese war gave rise to the Chinese Communist Party, resulting in the fall of the Mainland China. He urged the KMT to stop focusing on the past and look toward the future.

DPP legislator Shen Fu-hsiung also faulted the KMT for taking more than 40 years to build a monument to the war. He suggested the monument be discussed between Taiwan and the mainland during the next round of cross-Taiwan strait meetings.

Premier Lien Chan announced Thursday that the government will form an ad hoc committee to prepare for the establishment of a monument marking victory in the eight-year War of Resistance Against Japan and the retrocession of Taiwan to the Republic of China.

Lien Commemorates Victory in Anti-Japanese War

OW0707111695 Taipei CNA in English
1005 GMT 7 Jul 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — Premier Lien Chan led cabinet ministers and military officials in a ceremony to mark the victory of the eight-year War of Resistance Against Japan at Taipei's Martyr's Shrine Friday.

The premier burned incense, presented wreaths and read a statement during the solemn ceremony.

In a written statement, Lien noted that the victory in the war against Japan brought Taiwan back into the fold of the Republic of China [ROC] in 1945.

He said that the 21 million residents in Taiwan, while enjoying freedom, democracy and prosperity here, should not forget the courage and spirit of those who gave up their lives in the defense of their nation.

Noting that the July 7, 1937 Marco Polo bridge incident led to the start of the eight-year war, Lien attributed victory to the solidarity of the people who threw their support behind the late president Chiang Kai-shek.

Lien said that "although the situation and the threat the nation faces now is different from what it was in those days, it is crucial that we should not forget the meaning of the war when we face the challenges ahead."

Lien called for a forward-looking vision to strengthen democracy and increase prosperity here and open a new era in the history of the Chinese people.

Sung To Attend World War II Ceremony

*OW0707103595 Taipei CNA in English
0932 GMT 7 Jul 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — Presidential strategy adviser Sung Chang-chih will represent the Republic of China [ROC] at a ceremony marking the 50th anniversary of the end of World War II slated to be held in Hawaii in September.

Sung, 79, former ROC defense minister, was invited to take part in the event by the US Department of Defense, host of the event.

World War II ended on August 14, 1945, with the surrender of the Japanese to the United States.

Sung, while addressing a seminar marking the 50th anniversary of the end of ROC's War of Resistance Against Japan sponsored by the Chinese War History Association, called on Taiwan and Mainland China to strengthen exchanges and cooperation, saying that only through goodwill exchanges can the two sides of the Taiwan strait reunify peacefully.

He praised President Li Teng-hui's recent remark that "Chinese should help Chinese," which he said is much more sincere than Beijing's slogan that "Chinese don't fight Chinese."

Meanwhile, Wego Chiang, senior adviser to the president, urged all Chinese to unite in seeking freedom and equality for members of their race.

Claiming that the Chinese have been exploited and oppressed by foreign nations since the last century, Chiang said it's high time for Chinese to put aside hatred and stand together.

Minister Views Enhanced U.S. Business Ties

*OW0707111395 Taipei CNA in English
0944 GMT 7 Jul 95*

[By Ed Shay]

[FBIS Transcribed Text] Houston, July 6 (CNA) — Yang Shih-chien, vice minister of economic affairs of the Republic of China [ROC], Thursday encouraged American companies to enter into strategic alliances with their Taiwan counterparts for the development of their businesses in Asia.

Speaking in Houston at a seminar on "Taiwan as a gateway to the Asia market," Yang said American compa-

nies should make Taiwan their base for investment and business development in the Asia-Pacific region. The seminar was co-sponsored by the Greater Houston Partnership and the Taipei Economic and Cultural Office in Houston. It was held in conjunction with a "high-tech mission" from Taiwan.

He said the ROC Government is trying to develop Taiwan into an Asia-Pacific center for high-tech manufacturing, transshipping, marketing and financial activities. "We will encourage multinational enterprises to use Taiwan as a base for investment and business operations in other east Asian markets, including Mainland China," he said.

Yang said that the government is also actively promoting the formation of strategic alliances between Taiwan companies and foreign multinational enterprises, and that "we will help multinationals solve problems they face when they invest in Taiwan and engage in technology joint ventures there."

"We invite you to take advantage of Taiwan's economic power, pivotal geographic location and strong economic and trade links with the Southeast Asian and Mainland Chinese markets," he said.

Yang explained that Taiwan's private enterprises have more than 20,000 production lines in Mainland China and other Asia-Pacific countries. "These efforts have helped make Taiwan's economic and trade links with these markets especially strong."

In addition, Yang said the government is trying hard to develop the nation into a fully industrialized country by the year 2000. "These efforts are providing virtually unlimited trade opportunities to American companies," he said.

Yang is leading the high-tech mission to San Francisco, Houston, Chicago and New York. It left here for Chicago Thursday afternoon.

Regulations Governing Immigration Revised

*OW0607114495 Taipei CNA in English
1004 GMT 6 Jul 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — The Executive Yuan Thursday approved revisions to regulations governing Mainland Chinese settlement in Taiwan, making it easier for mainlanders to live here.

The revisions also allow Taiwan residents who went to Mainland China before November 1987, when the government lifted a ban on cross-Taiwan Strait travel, to return to Taiwan.

However, those who went to the mainland before 1987, and remained in Mainland China for at least four years, and have close or immediate relatives or spouses lived in Taiwan, will be eligible for the new treatment. Those approved by the vocational assistance commission for retired servicemen are also allowed to return to Taiwan.

The revisions also allow mainlanders to leave Taiwan for up to 30 days each year, up from the current 14. New regulations require immediate relatives of mainland spouses to apply to Taiwan authorities five years in advance of immigrating here.

Taiwan will also take economic, education, scientific and cultural factors into consideration when mainlanders apply to settle here.

French Official Hopes For Increased Investment

OW0707111495 Taipei CNA in English
0957 GMT 7 Jul 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — A French economic official Friday expressed the hope that bilateral Taiwan-France investment can grow as rapidly as bilateral trade.

In an investment presentation entitled "France — Gateway To Europe," sponsored by the French Institute in Taipei, Bernard Yvetot, deputy delegate for international investments of the Ministry of Economics, said that bilateral trade between Taiwan and France has grown rapidly, but much remains to be done to boost bilateral investment.

ROC customs statistics show that two-way trade between Taiwan and France totaled US\$2.42 billion in 1994, with Taiwan exports to France totaling US\$960 million and imports from France totaling US\$1.46 billion.

Yvetot noted that compared with other Asian nations such as Japan, South Korea and Hong Kong, Taiwan investment in France is small. Only some 20 Taiwan manufacturers have invested in France, compared with more than 150 Japanese manufactures. Taiwan investment focused on electronics.

He said that France will in the future hold similar investment presentations to try to attract more Taiwan businessmen.

He said France has a well-established infrastructure, low production costs when compared with other European nations, low inflation rates and a stable currency.

He also said that French manufacturers are keen on Taiwan's plan to develop itself into an Asia-Pacific

operations hub noting that many Taiwan businessmen have already invested in Mainland China, and French manufacturers could use those investments to make inroads into the mainland market.

But he also said that Taiwan has to open its financial market wider if it wants to be an operation hub and attract more foreign businessmen.

Yvetot and his delegation, including Eurotunnel administrator Andre Bernard, Air France Cargo International Vice President Michel Pognonec, port of Le Havre Freight Department Manager Pierreyves Reynaud arrived in Taipei Wednesday.

Delegation leader Andre Bernard will call on Liu Chao-hsaun, minister of transportation and communications in the afternoon.

Li Receives Niger National Assembly President

OW0607113095 Taipei CNA in English
0937 GMT 6 Jul 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — President Li Teng-hui Thursday [6 July] received a Niger National Assembly [NA] delegation led by NA President Mahamadou Issoufou and extended warm welcome to the west African dignitaries.

During the meeting, Issoufou gave Li a letter from Niger President Mahamane Ousmane and said Niger will support the ROC's [Republic of China's] bid for greater participation in the international community.

Li told Issoufou that the ROC and Niger have strengthened cooperation since both countries established formal diplomatic ties in 1992. The ROC is willing to help promote the welfare of Niger's people through mutual exchanges and cooperation, he added.

Issoufou said Niger attached great importance to the ROC's friendship, noting that his delegation is the third high-ranking Niger delegation to visit the ROC. The previous two visit were made by former Prime Minister Amadou Cheffou in 1992 and President Ousmane in 1994.

Li said the ROC on Taiwan, after more than two decades of efforts, has developed into an economic powerhouse. He added that the ROC is willing to share its development experience with Niger.

Issoufou, on behalf of Nigerian people, thanked Li for the ROC's medical, agricultural and economic assistance over the past few years. He was accompanied by ROC National Security Council Secretary-General Ding Mou-shih during the meeting.

KMT Plans To Invest in Palau

OW0607112995 Taipei CNA in English
0942 GMT 6 Jul 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — Taiwan's ruling Kuomintang [KMT] is considering investing in the tourism and fishery industries in Palau, an official with the KMT business Management Committee said Thursday.

The KMT has plans to invest US\$10 million to build a four-star tourist hotel and a shopping mall in the South Pacific island nation, the official said, noting that Palau has become a key area for KMT overseas investment.

Kroger Food, the largest food company in the United States, has commissioned an international trade company to negotiate with the KMT businesses to jointly tap the rich fishery resources in Palau.

A large frozen canned food factory is expected to be built on the island with annual production topping 1.5 million cartons of canned fish, the official said, noting that the entire output will be exported to the United States.

The official said that since Palau is a former US trust territory, the island enjoys duty-free trade with the US.

The KMT will also cooperate with a local fishery company to set up fishery culture plants there, the official said.

Meanwhile, Taiwan's Far East Air Transport Corp. has mapped out a plan for airlinks between Taiwan and Palau. Officials from both sides will meet at the end of July to discuss the plan.

Li Calls For Closer Economic Ties With Panama

OW0707095095 Taipei CNA in English
0859 GMT 7 Jul 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — President Li Teng-hui Friday assured Panamanian Foreign Affairs Minister Gabriel Lewis Galindo that both the ROC people and Government are keenly interested in strengthening exchanges and cooperation with Panama.

Lewis, who arrived in Taipei with a high-ranking Panamanian business and investment promotion delegation Thursday for a four-day visit, called on President Li at the Presidential Office Friday morning.

The Panamanian minister told Li that President Ernesto Perez Balladares will visit Taiwan later this year, adding

that the forthcoming visit will give a boost to the already cordial relations between Panama and the ROC.

Lewis is scheduled to join ROC Economic Affairs Minister P.K. Chiang Saturday to open an investment seminar in Taipei. The seminar, aimed at introducing the investment climate in Panama to Taiwan's business community, will be held at the Taipei International Convention Center.

Lewis and his entourage, including Victoria Figge, general manager of the free zone of Colon, Roy Rivera, director of the External Trade Bureau, legislators Daniel Arias and Tomas Gabriel Altamirano, and members of the National Commission of Foreign Investment Promotion, are here mainly to court Taiwan investors for a proposed export processing zone at the Fort Davis Military Base near Colon.

The 1,200-hectare Fort Davis is scheduled to be vacated by U.S. Military in September.

Besides meeting with ROC ranking officials, Lewis and his party will meet business leaders and tour industrial and business establishments in Taiwan, including Tatung Company, Evergreen Group, China Shipbuilding Corp., and an export processing zone in Kaohsiung.

Panamanian Minister To Hold Investment Seminar

OW0707042995 Taipei CNA in English
0157 GMT 7 Jul 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — Economic Affairs Minister P.K. Chiang and his Panamanian counterpart, Gabriel Lewis Galindo, will jointly host an investment seminar in Taipei on Saturday [8 July], the ministry of economic affairs said.

According to the ministry, the decision was made during a meeting between the two ministers Thursday morning.

The seminar, which aims to introduce the investment climate in that central American country to the local business community, will be held at the Taipei International Convention Center, the ministry noted.

According to Chiang, Panama is very interested in gaining Taiwan's assistance and cooperation to help it develop a U.S. military base into an export-processing zone. The base will be returned to Panama before the end of this year and relevant regulations and laws will be revealed at the seminar, he said.

Chiang said his ministry recently worked out a series of economic-activity guidelines regarding Latin America, which he said would help ensure more trade and investment opportunities with countries in the region.

He said his ministry also wants to sign a wide range of trade agreements with Panama in order to better protect the interests of Taiwan investors in that country.

In addition to luring Taiwan investment for Panama, the trip by Lewis will pave the way for a forthcoming visit to the Republic of China later this year by Panamanian President Ernesto Perez Balladares.

Meanwhile, ministry officials said a semiofficial trade-promotion delegation will depart for Panama on July 29 for an inspection tour. The delegation will also pay similar visits to five other countries in the region.

Agriculture Mission To Visit Northern Thailand

OW0607112795 *Taipei CNA in English*
0953 GMT 6 Jul 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — The Republic of China [ROC] will send an agricultural technical mission to Thailand under a technical cooperation agreement approved by the Executive Yuan Thursday.

The mission will help establish an agricultural training center in Angkhang Farm, northern Thailand, as well as help with afforestation, and tea crop improvements and production.

In addition, the mission will help improve Thailand's vegetable and fruit processing, and promote the production of mushrooms, the sources said.

They noted that Taiwan and Thailand enjoy long-term cooperative ties. Taiwan first sent agricultural experts to Thailand and in 1970, at the request of Thai King Phumiphon Adunyadet, Taiwan supplied fruit tree seedlings and vegetable seeds to farmers in the northern part of the nation. The aid was part of a plan to reduce the amount of opium grown in northern Thailand.

The sources said President Li Teng-hui and King Phumiphon Adunyadet discussed agricultural cooperation during Li's visit to Thailand in February 1994.

Li instructed the Ministry of Foreign Affairs and Council of Agriculture to expand agricultural assistance after he returned to Taiwan and the Ministry of Foreign Affairs has since sent officials to Thailand to discuss the matter several times.

The three-year technical cooperation agreement was signed by Ling Shiang-nung, chairman of the Committee for International Technical Cooperation and Bhisatej Rajani, chairman of the Royal Project Foundation of Thailand when he latter visited Taiwan in May.

Meeting on Industrial Waste Scheduled for Nov

OW0707094895 *Taipei CNA in English*
0853 GMT 7 Jul 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, July 7 (CNA) — Taiwan will hold an international conference on industrial waste minimization in November with some 500 local and foreign experts expected to participate, the Industrial Development Bureau (IDB) said Friday.

More than 100 environmental experts from the United States, Britain, France, Germany, Australia, Japan and Mainland China will discuss waste management and clean technology with their Taiwan counterparts during the November 27-29 meeting, an IDB official said.

Participants will also visit waste minimization sites to learn about clean technology and how to produce clean, pollution-free products, the official added. Sponsors include the ROC Ministry of Economic Affairs, the Environmental Protection Administration and the U.S.-based Water Environment Federation (WEF).

The more than 100 reports to be delivered at the meeting will be compiled by the WEF and released for global circulation, the official noted.

Meanwhile, the U.S.-Asia Environmental Partnership (USAEP) has invited Taiwan to assist Southeast Asian countries in strengthening environmental protection technology.

The USAEP is a private environmental organization with full support from the U.S. State Department and U.S. Environmental Protection Agency. It assists Asia-Pacific countries in upgrading their environmental protection capabilities.

The IDB has given a positive response to the USAEP and is studying how to promote waste management in Southeast Asia.

Bank, Finance Ministry Reshuffle Personnel

OW0707043095 *Taipei CNA in English*
0135 GMT 7 Jul 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — Central Bank of China [CBC] Deputy Governor Pong Fai-nan has been appointed board chairman of the Central Trust of China, CBC Governor Sheu Yuan-dong confirmed Thursday [6 July].

The vacancy created by Pong's departure will be filled by Patrick Liang, vice chairman of the Council for

Economic Planning and Development, Taiwan's highest economic planning agency, Sheu said.

Paul Chiu, another CBC deputy governor, will take over Pong's former duty of directing Taiwan's foreign exchange policy, according to Sheu. Sheu said he was confident that Chiu could handle the job, given his experience as former director of the CBC's Foreign Exchange Department and as a former university professor in foreign exchange management.

Meanwhile, the Ministry of Finance also announced a major personnel reshuffle, as follows:

Wang Cheng-i, administrative vice minister, was promoted to political vice minister. Wang, 56, holds a master's degree in finance from National Chengchi University and has studied at Harvard Law School. He was appointed administrative vice minister in July 1991.

Wang's post will be filled by Chen Mu-tsai, director of the Monetary Affairs Bureau. Chen, 50, holds a master's degree in economic research from National Taiwan University, and had held various positions in the Ministry of Finance before being named chief of the Monetary Affairs Bureau in 1991.

Chen's position will be taken by Sean Chen, 46, director of the ministry's Insurance Department. He holds a law degree from National Taiwan University, and has been director of the insurance department since July 1994.

Sean Chen's deputy, Cheng Chi-shih, 51, who holds a master's degree in commercial research from National Taiwan University, will be the new director of the Insurance Department.

Foreign Investors May Apply To Invest More Money

*OW0707045695 Taipei CNA in English
0200 GMT 7 Jul 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — Foreign institutional investors as a whole may apply to invest US\$11.264 billion more in the Taiwan Stock Exchange (Taiex), according to tallies compiled by the Foreign Exchange Department of the Central Bank of China [CBC].

Foreign institutional investors are permitted to have up to US\$22.423 billion, or the value of 12 percent of the shares listed on the Taiex, in investments on the stock exchange as of July 5, in accordance with the CBC rules.

Until Wednesday, the CBC had approved US\$11.159 billion worth of investment in the Taiex by foreign institutional investors, including funds raised abroad for investment in the local bourse, and US\$5.056 billion had actually been remitted.

Blueprint of Information Superhighway Drafted

*OW0707051395 Taipei CNA in English
0121 GMT 7 Jul 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 6 (CNA) — Five years from now, Taiwan residents will be able to handle a number of previously time-consuming affairs from their homes by simply hooking into cyberspace and punching a few commands into their computers.

For instance, tax returns may be passed on to any citizen through E-Mail, and details of public services may also be made available through on-line services.

This is part of a future Taiwan envisioned by the government- financed Industrial Technology Research Institute (ITRI) at the Commission of the Council for Economic Planning and Development, the highest economic planning agency on the island.

The wonder-world, according to the study presented by the ITRI on Thursday, will be made possible through the "National Information Infrastructure (NII)," better known as the information superhighway, which will be intertwined with existing cable TV and public telecommunications networks.

In the first part of the three-stage NII plan, fair competition will be created through the opening of Taiwan's radio frequencies and television sector. The second stage calls for the total opening of Taiwan's telecommunications industry, including city, long- distance and international phone calls now monopolized by the directorate general of telecommunications.

The third and final stage involves the completion of the NII network itself before the turn of the century.

The futuristic project, which envisions an information superhighway in place 20 years before the one by the directorate general of telecommunications, is pending the approval of the Executive Yuan.

Hong Kong

Governor Endorses Chan's PRC Visit

MS0607085195 London THE TIMES in English
6 Jul 95 p 12

[Report by Jonathan Mirsky: "Patten Backs His Deputy Over Visit"]

[FBIS Transcribed Text] HONG KONG — Chris Patten, the Governor of Hong Kong, rejected charges yesterday that he had been sidelined by the secret trip to Peking by his deputy Anson Chan.

Asked about the widely reported suggestion that he had been marginalised by the meeting in Beijing three days ago between Ms Chan, who is also the colony's Chief Secretary, and senior Chinese officials, Mr Patten said: "I think it's a ridiculous report."

He said that he and Ms Chan were in agreement on every issue, and that he was delighted that she had met Qian Qichen, the Chinese Foreign Minister, and Lu Ping, the director of the State Council's Hong Kong and Macau Office. Although both leaders told Ms Chan that she was welcome to visit Beijing at any time, no such invitation has been extended to Mr Patten, whom Chinese leaders have shunned for more than two years. Hong Kong officials noted, as did the press, that Ms Chan's invitation was issued while she was on holiday in London, from where she flew directly to Beijing.

Mr Patten declared yesterday that "in directly talking to the Chief Secretary, anyone is talking to me as well". He emphasised that he and Ms Chan worked as a team. The Governor added that, in the past, it was he who had suggested that if Mr Lu "didn't want to meet me, he should meet Anson Chan".

Governor Warns Against Pre-Election Tax Cuts

MS0607090995 London THE TIMES in English
6 Jul 95 p 23

[Report by Janet Bush: "George Takes Hard Line On Tax Cuts"]

[FBIS Transcribed Text] Eddie George, Governor of the Bank of England, yesterday warned the Government that he would publicly criticise "irresponsible" preelection tax cuts if necessary and may strengthen demands for higher interest rates to compensate.

Giving testimony to the Commons Treasury and Civil Service Select Committee, Mr George also said that the chances of the Government hitting its inflation target had diminished, and suggested that he continues to believe that higher rates are needed.

He defended his advice to raise rates at the monetary meeting with Kenneth Clarke on May 5, when the

Chancellor refused to budge. Mr George also denied that he had cried wolf on inflation at that meeting and said he did not believe the economy had changed much since.

His remarks suggested that the Bank had once again called for an interest rate rise at yesterday's monetary meeting, particularly given that the pound has fallen a further 1.5 per cent since the May meeting. It appeared that the Chancellor had again declined to take the advice.

There was no announcement of any rate change after the meeting, although it is conceivable that, had one been decided, the Bank, which has power over the timing of rate changes, could have decided to wait until the Cabinet reshuffle was completed, removing a source of market uncertainty.

The Governor denied that there had been any loosening of the Government's inflation objectives with the maintenance of a 1 to 4 per cent range in the recent Mansion House speech. He said that he and the Chancellor were agreed that policy will be set to achieve inflation of 2.5 per cent or less. He did not think that Mr Clarke would compromise in the fight against inflation for political reasons.

Mr George displayed discomfort yesterday when asked about tax cuts. He repeatedly made clear that irresponsibly large tax cuts would force him to make public his disapproval. He said: "I would feel obliged, or even entitled, to make public my views on fiscal policy if this impacted monetary policy."

He said that, although there was no mechanical relationship, monetary policy would tend to have to tighten if there were a large loosening in fiscal policy. Mr George conceded that, while still concerned about the weakness of sterling, he had to look at the impact of weak domestic demand. Yesterday, there was more evidence of slowing growth, with leading indicators suggesting a slowdown in the middle of this year.

The longer leading indicator fell for the eleventh consecutive month. Michael Saunders, of Salomon Brothers, said that its recent slide is similar to that which preceded the last three recessions. In addition, private housing starts slipped in May to their lowest level since December 1992.

The City was uneasy with Mr George's remarks yesterday and showed only a cautious welcome to John Major's victory in the Conservative leadership contest and to the Cabinet reshuffle. There was, however, relief that Mr Clarke is staying on as Chancellor.

The FT-SE [FINANCIAL TIMES Stock Exchange] 100 index ended the day 45.7 points higher, at 3,394.9. In New York, the Dow Jones industrial average closed above 4,600 points for the first time, finishing up 30.08 points to 4,615.23. The government bond market showed few further gains after jumping on Tuesday night in an immediate positive reaction to the leadership outcome.

Sterling looked vulnerable, easing to DM2.2020 [Deutsch Mark], almost one pfennig down on its levels immediately after the leadership vote. It was also about half a cent down against the dollar, at 1.6010 to the pound.

Officials Confirm Intention To Sideline Patten

HK0707004495 Hong Kong EASTERN EXPRESS
in English 6 Jul 95 p 2

[By Rain Ren]

[FBIS Transcribed Text] Despite the Government's denial, Chinese officials have confirmed that Beijing would make an effort to sideline the Governor, Chris Patten, by establishing regular contacts with the Chief Secretary, Anson Chan, in the run-up to the 1997 handover.

A senior Chinese official told Eastern Express yesterday that Beijing would not be bothered by Chan following official procedure and informing the Governor about any meetings with senior leaders in Beijing.

"To do so is her responsibility. But as far as we are concerned, we only want to talk to her about many important issues, particularly those regarding the transition of senior civil servants," he said.

Yesterday, the Governor, Chris Patten, stubbornly dismissed China's attempt, emphasising that he was the man who called the shots in the Hong Kong Government.

"Indirectly, talking to the Chief Secretary, anyone is talking to me as well," the Governor said.

"I am the Governor of Hong Kong and will be until June 30, 1997," Patten said when asked whether he would be marginalised by Beijing.

"I appointed Anson Chan as Chief Secretary because I believe strongly that she was the best person for the job. We work very closely indeed. We see eye to eye on the issues on Hong Kong's agenda.

"We have worked as a team and we will continue to work as a team."

Beijing has strongly hinted that it would prefer talking only to Chan on transitional issues. This is because

Chan, as the leader of the civil service, is the right person to do business with, and dealing with the Governor is no longer possible after his "triple violations" in proposing the constitutional reform package.

Lu Ping, the Director of the Hong Kong and Macao Affairs Office, made it known publicly in May that he would like to meet Chan but not Patten.

Chan made an ice-breaking visit to Beijing last week where she was given a high-level reception and was received by both Lu and Qian Qichen, a Vice-Premier and Foreign Minister.

"I wonder what Patten would think even if he did go to Beijing but was not seen by Qian," a Chinese official said.

But the Governor said he did not see his role in the territory on the wane.

"I think the case for direct contacts between me and Chinese officials is as strong as it ever has been. I don't think it has changed at all."

He said he wanted to take more of a back seat as Hong Kong approached the change of sovereignty, since most senior officials would stay after 1997, other than himself.

"It was appropriate to delegate to them as much as possible, while of course having to take responsibility for what has been done in the name of the Government of Hong Kong and occasionally having to act perhaps as a buffer, or to attract some of the flak, in order that others can get on with the job of running Hong Kong as successfully as possible," he said.

He warned that Chan's visit to Beijing should not be seen as a signal that there would be some breakthrough at the current session of the Sino-British Joint Liaison Group in London.

Comment Examines John Major's Party Victory

Editorial Views Win

HK0707004095 Hong Kong EASTERN EXPRESS
in English 6 Jul 95 p 14

[Editorial: "Major's Win Is Good News For HK"]

[FBIS Transcribed Text] A fortnight ago, the British Prime Minister, John Major, challenged rightwing Tory rebels sniping at him to "put up or shut up" in a daring leadership contest.

On Tuesday, his bold, all-or-nothing political gamble paid off when he was re-elected leader of the ruling Conservative Party by an incredible, clear-cut margin

of 218 votes to the 89 votes polled by his challenger, the former rightwing cabinet minister, John Redwood.

Quick to congratulate Major was his frequent critic, the former prime minister Margaret Thatcher, who said: "The PM has won a clear and decisive victory. I congratulate him warmly."

So did Redwood who echoed Thatcher's sentiments by saying: "He (Major) won fair and square. I pay tribute."

The only ones unimpressed were hostile British newspapers which had readers believe that Major had simply bought time and little more.

"Conservative MPs," The Times said, "threw away their last best opportunity to win the next general election. Faced with the prospect of a change and a chance, they could not muster the courage to seize it." The paper gleefully forecast that Major's government would "stumble on now until it is forced out of office".

By contrast, Major, derided by his critics as a grey man and an ineffectual leader, sounded absolutely buoyant and predicted that he would stay in office beyond the next election, due by mid-1997.

That is good news for Hong Kong in the transition years to 1997 because it ensures continuity in the Sino-British exchanges in the crucial months between now and the handover of sovereignty to China.

The news must seem even more pleasing to the Governor, Chris Patten, who has always enjoyed a close relationship with Major since he masterminded the Tory party's victory at the last general election. The Governor having Major's ear means excellent rapport and instant communication between Whitehall and Lower Albert Road on matters of policy affecting the territory at a critical time in Hong Kong's history.

Major's principal task now is to reunite his deeply divided party and reconcile with his beaten opponents while, at the same time, carrying on with the business of government with a slim 12-seat majority in the 651-member House of Commons.

With most of Major's critics accepting his victory as decisive and indisputable, there is a collective sigh of relief that the party's long-running civil war has come to an end.

Changes to the cabinet will indicate if Major plans to nudge his policies to the right, especially those concerning Britain's future in the European Union.

Of interest to Hong Kong is the appointment of Malcolm Rifkind to replace the Foreign Secretary, Douglas Hurd, who is a veteran diplomat acknowledged as a "patrician technocrat born to serve and lead".

Hurd, along with the President of the Board of Trade, Michael Heseltine, and the Chancellor of the Exchequer, Kenneth Clarke, was a key member of the pro-European troika that has dominated the cabinet since the overthrow of Thatcher in 1990.

Hurd, the Etonian prefect, who brought an air of gravitas to his post and felt it was his duty to bat on for leader and country, gave the full weight of his support to Patten's package of reforms for Hong Kong.

His will be a hard act to follow. His career began in the Foreign Office when he was a diplomat in London and Beijing. He then worked for Sir Edward Heath as a foreign affairs adviser. In 1976 he became foreign affairs spokesman for Thatcher, whom he served as a junior Foreign Office minister when the Conservatives came to power in 1979.

Because of Hurd's close links with the power hierarchy in Beijing, he was a pillar of strength in Sino-British negotiations on transition issues involving Hong Kong.

Rifkind's only known contact with Hong Kong has been on the defence budget during his time as the defence secretary. He wanted Hong Kong to shoulder more of its share [as published] of defence expenditure. Senior officials in the territory, including Donald Tsang the financial secretary-designate, have experienced tough negotiations with the man who is now the Foreign Secretary.

Much more than in Hong Kong, Major's victory must appear most welcome and reassuring to Beijing, which will be happy and relieved to know that it is going to be business-as-usual as far as Sino-British exchanges are concerned.

Although the outcome, as Patten said, would not have made any material difference to policies and agreements firmly set in place, it is a great relief that the suspense and nail-biting over Major's future has been settled. So roll on 1997.

Editorial Views Prospects

HK0707004295 Hong Kong HONGKONG
STANDARD in English 6 Jul 95 p 14

[Editorial: "John Major Wins Stay of Execution"]

[FBIS Transcribed Text] British Prime Minister John Major, his crown resting rather uneasily on his battered brow, would have us believe he has won a great victory. Well, he would say that, wouldn't he?

At the moment his leadership is secure. This has nothing to do with any strong desire for him to continue as prime

minister; it is due, rather, to the war-weariness of the Conservative Party in the wake of the leadership contest.

If Mr. Major has won anything, it is a stay of execution pending his appeal. The reasons for his stepping down are still as relevant today as they were two weeks ago.

The great policy differences that divide the Tory Party—Europe and income tax—will not be resolved without further bitterness.

Sooner, rather than later, the Tories will have to face up to such issues as the single European currency and whether taxes should be higher or lower. An election is only two years away, and these questions cannot be left for much longer on the backburner.

Conventional punditry in Britain has it that the populist measures being promoted by senior Conservative backbench Members of Parliament sound attractive but would not deliver political salvation. Generous tax concessions for homeowners and married couples, along with reductions in the basic rate of income tax, would only fit in a dash-for-growth strategy.

The reality is that the present economic policy, outlined again last month by Chancellor of the Exchequer Kenneth Clarke in a speech at London's Mansion House, remains the government's best chance of clawing back the trust of the electorate. Steady non-inflationary growth, perhaps accompanied by modest tax cuts, may not be enough to win the election. But it offers the only worthy prospectus.

It is fair to say, meanwhile, that nobody ever seriously thought that ex-cabinet minister John Redwood would win the leadership contest; he was merely a stalking horse of a somewhat higher pedigree than most.

It is also fair to say that Mr. Major is not responsible for the mixture of exhaustion and panic that infects his party. This comes from the hubris of 16 years in power, from the wounds inflicted by Margaret Thatcher's departure, and from the divisions over Europe.

Similarly, the allegations of sleaze and misgovernment which beset his administration, reinforced by the latest difficulties faced by cabinet minister Jonathan Aitken over arms sales to Iran, have their roots in the Thatcher era.

If anyone emerged as victor from the Conservative Party leadership contest, it was Labour Party leader Tony Blair. If two-thirds of the Tories in parliament don't want Mr. Major, then why should the British people?

Editorial on Major's Status

HK0707004195 Hong Kong SOUTH CHINA
MORNING POST in English 6 Jul 95 p 16

[Editorial: "Ducking The Obvious"]

[FBIS Transcribed Text] John Major is now a lame-duck Prime Minister whose leadership victory and cabinet reshuffle should not be allowed to disguise the fact that his days in office are clearly numbered. His gamble in calling for a vote of confidence may have improved his chances of surviving until the next general election, since the Conservative Party will be unwilling to risk another show of divisiveness before then. But he has only achieved this at the price of a wounding which makes national defeat at the polls now seem almost inevitable.

No wonder Labour leader Tony Blair had a smile on his face when the result was announced on Tuesday night. Twenty votes fewer, and Mr. Major might have been forced out. Twenty votes more, and it would have been the resounding vote of confidence Mr. Major claimed it was. Instead, the Conservatives got the worst of both worlds and are forced to struggle on with a weakened leader in whom a third of the parliamentary party has publicly shown it lacks confidence.

There will be attempts to show that the leadership election has opened the way for a new start for the Government. But in view of Mr. Major's track record so far, there must be doubts about how substantial changes will be. This may not matter much to Hong Kong since Britain's policy towards the transition is largely settled. Indeed, leaving officials to work out the remaining details may be no bad thing at this stage.

But, for Britain, the danger is that as the election deadline of April 1997 approaches, real policies will be replaced by a frantic attempt to buy popularity through unjustified tax cuts, regardless of the economic situation. The search for victory by a highly unpopular party will be all the more ardent because, while division in Conservative ranks may temporarily sink beneath the surface, they are unlikely to go away. Only the prospect of a general election win would ensure that the different factors stick together. On the Tory fault line of Europe, the cracks will be come apparent again as difficult decisions loom over membership of a common currency and political integration.

Only a period in opposition can resolve such fundamental conflicts and allow the Conservatives to decide whether to veer rightwards or to compete with Mr Blair. By re-electing Mr Major, they have brought that prospect much closer.

Choice of Rifkind Seen as 'Ideal' for Hong Kong

HK0707081295 Hong Kong EASTERN EXPRESS
in English 7 Jul 95 p 1

[By Wing Kay Po and Rosemary Langford in London]

[FBIS Transcribed Text] The new British Foreign Secretary, Malcolm Rifkind, has made a strong commitment to Hong Kong, saying that it will be "one of the most important issues we will be dealing with".

Rifkind made the emphatic statement during his maiden Commons speech as foreign secretary, on his first day in the job, in which he outlined his foreign policy priorities.

"I welcome the fact that there has been some real progress on some of the substantive issues involving the Chinese government, and we look forward to seeing more progress in the interests of the people of Hong Kong," he said.

Rifkind telephoned the Governor, Chris Patten, immediately after the first new cabinet meeting last night and had a 15 minute conversation in which he reaffirmed British policy on Hong Kong and reassured Patten of his continued support for his governorship.

Patten will fly to London the weekend after next to meet Rifkind to discuss in detail Hong Kong's developing situation.

The Governor is said to be delighted with the solid assurance given by the new foreign secretary.

The 49-year-old former defence secretary took over from Douglas Hurd, following the victory of the Prime Minister, John Major, in the party leadership election on Wednesday morning and a subsequent cabinet reshuffle. Rifkind has been given the foreign secretary portfolio at a time when relations between Britain and China are warming up, following the recent agreements on the court of final appeal and airport financing. The Chief Secretary, Anson Chan, has also been invited to visit Beijing to meet senior Chinese leaders over the weekend. Rifkind will receive the Chinese Foreign Minister, Qian Qichen, when he visits to London in October.

Sources close to the Governor said that, among the candidates tipped to be foreign secretary, Rifkind was considered the "ideal" as far as Hong Kong was concerned. He is said to be well versed in Hong Kong matters, having been a member of the cabinet's sub-committee on Hong Kong since Patten took up the governorship and party to all major cabinet decisions on Hong Kong. He also took part in Sino-British negotiation on the disposal of defence lands in the territory.

Rifkind is expected to place three issues at the top of his agenda: Europe, Bosnia and Hong Kong. Meanwhile, Hurd last night paid tribute to the "tough negotiators of China" at a farewell reception at the Foreign Press Association in London. "In dealing with China, regarding Hong Kong, what is needed is clarity and consistency," he said. "What we're trying to do is to create two systems in one country, and that is not easy. To apply these principles, as in the case of the (court of final appeal), is difficult, but we have to do it. Chinese government officials have proved the most strenuous negotiators. They are extremely difficult. I respect them for that."

Hanley Appointment Viewed as Disappointing

HK0707075095 Hong Kong SOUTH CHINA
MORNING POST in English 7 Jul 95 p 1

[From Europe Editor David Wallen in London]

[FBIS Transcribed Text] Britain's most gaffe-prone senior MP, Jeremy Hanley, has been put in charge of Hong Kong affairs in the second stage of Prime Minister John Major's reshuffle. Mr Hanley, 49, who was sacked from his position as party chairman after just one year following a series of embarrassing mistakes, yesterday replaced Alastair Goodlad, the new Chief Whip. Mr Hanley was given the Hong Kong portfolio by new Foreign Secretary Malcolm Rifkind as part of a shake-up following the Tory leadership election. Those working for the territory in Britain had hoped the job would go to another newcomer to the Foreign Office, Sir Nicholas Bonsor.

Mr Hanley has relatively few links to Hong Kong. In 1990, he served as parliamentary private secretary to the Governor, Chris Patten, who was then Secretary of State for the Environment. A spokesman for Mr Patten said he was happy with the appointment. "He is a very old friend of the Governor and Mr Patten is glad to be teaming up with him again," he said. Mr Hanley has also been a member of the Anglo-Hong Kong Group, and has spoken on the territory in the House of Commons. He had been expected to move to the lower profile National Heritage Department — the so-called Ministry of Fun — but was instead demoted to a junior role in the Foreign Office.

Mr Hanley's appointment to the Hong Kong portfolio seems certain to upset local politicians, who are already suspicious of the Foreign Office. They will also be unhappy that Hong Kong will only be a part of Mr Hanley's portfolio — under Mr Rifkind, he will be expected to maintain an overview on Asian affairs and on some aspects of British policy in the Middle East.

His predecessor Mr Goodlad, although able, was not well-liked in Hong Kong, and some see Mr Hanley

following in the footsteps of earlier ministers such as Lord Glenarthur and Lord Caithness, who also failed to hit it off here.

However, independent legislator Emily Lau Wai-hing said it was "immaterial" who was appointed. "Hong Kong people have no expectations of the British government," she said.

Mr Major's appointment of Mr Hanley as chairman of the Conservative Party last July is seen as one of his most ill-judged decisions in the past 12 months. Many senior Tories were amazed when Mr Hanley was plucked from the relative obscurity of Armed Forces Minister to fill the senior post. His most recent gaffes occurred during the local government election campaign when he was accused of trying to gag the press after dismissing journalists as "irrelevant". He added fuel to the fire when he told reporters that in future he would only answer questions on subjects he chose — and on which he had been fully briefed. However, Mr Hanley's long list of blunders began immediately after his appointment as chairman, beginning with a now notorious remark that hooligans at a boxing match had been merely "exuberant". His next mistake came when he said he hoped there would be no more interest-rate rises, stepping on the toes of Chancellor Kenneth Clarke. Mr Hanley gaffed again when he suggested he would be party chairman right up to the next general election, expected in 1997. He then called Shadow Foreign Secretary Robin Cook a "gnome" and later accused the Labour Party of pandering to Scotland.

Meanwhile, Mr Rifkind last night made his first statement on Hong Kong as Foreign Secretary, welcoming progress by Britain and China on practical details of the handover.

Report Claims Journalistic Freedom Under Threat

MS0307121495 London *THE TIMES* in English
3 Jul 95 p 11

[Report by Jonathan Mirskiy: "Hong Kong Journalists Feel Betrayed By Patten"]

[FBIS Transcribed Text] Hong Kong — The Hong Kong Journalists, Association has condemned what it regards as the Government's failure to amend laws that Beijing can employ to restrict freedom of expression in the colony after the 1997 change in sovereignty and accused Chris Patten, the Governor, of betraying promises to safeguard the media.

Fear of the future has produced a climate in which many journalists admit to self-censorship, the association's most recent report states, adding: "There is a very real

possibility that the (association)... will no longer be able to publish such reports after 1997."

Cliff Bayle, an association member and one of the authors of the report, said: "Many of my Chinese reporter friends are apprehensive about the future. It makes them tone down their articles."

The report, published jointly with the London-based Article 19, a group dedicated to the preservation of press freedom, provides information gathered in part from reporters who used to work for the mainland press alleging that Beijing has ordered advertisers under its control not to advertise in "unco-operative newspapers, and that it maintains a blacklist of reporters denied access to China.

Reporters from APPLE DAILY, whose publisher, Jimmy Lai, is critical of Beijing, were banned recently from attending a meeting in Beijing on Hong Kong's future. Some local and Western reporters in Hong Kong are unable to obtain Chinese press visas.

The journalists' association says that Mr Patten has failed to honour "his early commitment to the creation of democratic institutions and legal safeguards". It accuses the Government of a "sad and shameful betrayal". Mr Patten said yesterday: "I do not think that the main threat comes from the law; the insidious danger is self-censorship."

State Company Offers New Shares in Hong Kong

OW0607173395 Beijing *XINHUA* in English
1403 GMT 6 Jul 95

[FBIS Transcribed Text] Hong Kong, July 6 (XINHUA) — China's Northeast Electrical Transmission & Transformation Machinery Manufacturing Company Limited, a large-sized state-owned enterprise, today issued its H share on the Stock Exchange of Hong Kong.

As the second of China's state companies listed in Hong Kong this year, the company is to issue 240 million shares.

Xiang Yongchun, Chairman of the company, said that his company expects to collect 416 million HK dollars (53.3 million US dollars) through its shares sold on the bourse in Hong Kong for developing new products, raising productivity and improving equipment.

So far there are 17 China's state enterprises listed on Hong Kong Stock Exchange.

Sovereignty Policy Now Under Political Adviser
HK0707004595 Hong Kong EASTERN EXPRESS
in English 6 Jul 95 p 4

[By Leo Law]

[FBIS Transcribed Text] With the aim of protecting British interests beyond 1997, the Government has taken sovereignty-related policy matters out of the hands of the local policy secretary.

A whole team of Government officers led by the principal assistant secretary for security, John Shannon, was transferred from the Security Branch to the Political Adviser's Office at the beginning of this year.

The Political Adviser's Office is headed by Bob Peirce, who was seconded from the Foreign Office to work for the Hong Kong Government.

Peter Lai, the first local officer appointed as the head of the Security Branch, was promoted to his post earlier this year.

Since then speculation has been rife that Lai may not have the full trust of the British Government in dealing with sensitive security issues.

In reply to an inquiry from Eastern Express, a Government spokesman said that those aspects of security which will come to an end when sovereignty is transferred in 1997 have been dealt with, on a trial basis, by the Political Adviser's Office since the beginning of the year.

"The responsibilities of the posts concerned in the Political Adviser's Office remain largely as they were when

they were in the Security Branch, except that responsibility for those aspects of security which will continue beyond 1997 remains with the Security Branch," the spokesman said.

John Shannon, who is now the deputy political adviser, said he could not reveal details of his policy areas, but admitted that at the moment he is still taking care of the Official Secrets Acts as well as policy related to subversive activities.

These are the subjects that he used to deal with in the Security Branch.

"But I can't rule out the possibility that it may change and new policy areas may be brought in as required by the political adviser," he said.

Normally a senior official post needs approval from the Finance Committee of the Legislative Council before it is created, but not in Shannon's case.

"It is because the post is created on a trial basis. I still belong to the Security Branch," Shannon said. But he added that he was "on loan" to the Political Adviser's Office. "Once the Government decides to make it permanent, it will go to the Finance Committee for approval," he said.

Unlike Peirce and another deputy political adviser, John Ashton, Shannon is an administrative-grade officer employed by the Hong Kong Government. He can serve in the administration beyond 1997.

"I am not worried about my future. I want to stay in Hong Kong beyond 1997," he said.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.

END OF

FICHE

DATE FILMED

12 July 95

